maxis

THE JOY OF BEING ENABLED

ANNUAL REPORT 2013

WHO WE ARE

WE ARE THE LEADING COMMUNICATIONS SERVICE PROVIDER IN MALAYSIA, ENABLING BOTH INDIVIDUAL AND BUSINESS CUSTOMERS TO CONNECT AND COMMUNICATE ANYTIME, ANYWHERE AND FROM ANY DEVICE. WE ARE PASSIONATE ABOUT WHAT WE DO, AND WE ARE COMMITTED TO PROVIDING AN UNMATCHED EXPERIENCE TO OUR CUSTOMERS.

Today, our customers enjoy an extensive range of data services such as mobile Internet browsing, social networking, downloading of applications and a portfolio of integrated mobile, fixed and enterprise solutions. Their experience is further enriched with our increasing library of digital content and entertainment solutions. This is in addition to our voice calls, text and picture messaging services.

13 million customers choose to be with us as we stand for the widest coverage, innovative solutions and excellent service. We want our customers to enjoy access to all the services they need. That is why we continually work to enhance our high-speed network, which is the largest in the country. In addition, our super high-speed 4G network in 2013 is already available in major areas across the country.

The people of Maxis are the pillars of our Company. We prepare for the future today by developing the skills and talents of all employees, making Maxis a great place to work for great people. Underpinning this is the Maxis Way, our approach to work that champions passion, positivity and collaboration.

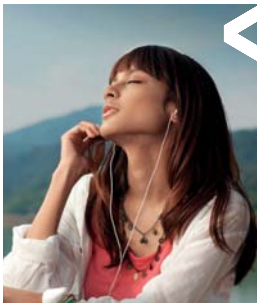
Beyond connecting people with our services, we are passionate about making a positive impact on the community in which we operate. Our Corporate Responsibility efforts aim to develop and enrich our community, customers and partners, creating a fun place to work and advocating environmentally friendly practices.

CONTENTS

OVERVIEW

2-17

OUR BUSINESS



18-31

32-45

STRATEGIC REVIEW

CORPORATE GOVERNANCE

46-67

68-171

FINANCIAL STATEMENTS

OTHER INFORMATION

HOW WE'VE PERFORMED

Revenue
RM9.1 b

Stable revenue in a maturing industry.

Non-Voice
44.6%

OF MOBILE REVENUE

Solid contribution from mobile Internet.

Subscriptions
12.9 m

Increased smartphone penetration to 56%.

EBITDA* [1]
RM4.5 b

EBITDA grew 3.7%.

PAT* [2]
RM2.1 b

Driven by higher revenue and EBITDA.

CAPEX [3]
RM815 m

CAPEX spend to deliver the best network experience.

Free Cash Flow
RM2.3 b

Steady free cash flow level.

Dividends
RM3.0 b

Enhancing shareholders' value, in which 40 sen per share was paid out in 2013.

Notes:

* Normalised for one-off items

1 Earnings Before Interest, Taxes, Depreciation and Amortisation

2 Profit After Tax

3 Capital Expenditure

FINANCIAL
HIGHLIGHTS

	2013	2012	2011	2012-2013 YOY CHANGE
FINANCIAL RESULTS				
FINANCIAL INDICATORS (RM'm)				
Revenue	**9,084**	8,967	8,800	1.3%
EBITDA	**4,310**	4,359	4,423	(1.1%)
Normalised EBITDA [1]	**4,522**	4,359	4,423	3.7%
Profit from operations	**2,825**	2,864	3,232	(1.4%)
PBT ("Profit Before Tax")	**2,496**	2,576	3,004	(3.1%)
PAT	**1,772**	1,860	2,531	(4.7%)
Normalised PAT [2]	**2,097**	2,049	2,192	2.3%
Profit attributable to equity holders of the Company	**1,765**	1,856	2,527	(4.9%)
FINANCIAL RATIOS				
EBITDA margin (%)	**47.4%**	48.6%	50.3%	
Normalised EBITDA margin (%)	**49.8%**	48.6%	50.3%	
PBT margin (%)	**27.5%**	28.7%	34.1%	
PAT margin (%)	**19.5%**	20.7%	28.8%	
Normalised PAT margin (%)	**23.1%**	22.9%	24.9%	
Interest cover ratio	**7.9**	8.4	12.1	
Earnings per share (sen)				
- basic	**23.5**	24.7	33.7	
- fully diluted	**23.5**	24.7	33.7	
Dividends per share (sen) [3]	**40.0**	40.0	40.0	
FINANCIAL POSITIONS				
FINANCIAL INDICATORS (RM'm)				
Equity attributable to equity holders of the Company	**6,002**	7,049	8,084	
Total assets	**17,330**	17,802	17,991	
Total borrowings	**7,525**	7,312	6,331	
FINANCIAL RATIOS				
Return on Invested Capital (%)	**16.1%**	15.9%	20.5%	
Return on Average Equity (%)	**27.1%**	24.5%	30.2%	
Return on Average Assets (%)	**12.0%**	12.2%	15.4%	
Gearing ratio	**1.12**	0.90	0.68	
Net assets per share (RM)	**0.80**	0.94	1.08	

Notes:
[1] In Year 2013, excludes one-off items of RM212 million comprising (i) Career Transition Scheme ("CTS") costs of RM143 million; (ii) provision for contract obligations of RM65 million; and (iii) write down of Home assets of RM4 million
[2] Exclude one-off items (after tax effect) for the following years:
(a) Year 2013 - RM325 million comprising (i) CTS costs of RM107 million; (ii) provision for contract obligations of RM49 million; (iii) write down of assets of RM65 million; and (iv) accelerated depreciation of RM104 million
(b) Year 2012 - RM189 million comprising (i) accelerated depreciation of RM121 million; and (ii) write down of assets of RM100 million, offset by last mile broadband tax incentive of RM32 million
(c) Year 2011 - RM339 million comprising last mile broadband tax incentive of RM352 million offset by accelerated depreciation of RM13 million
[3] Dividends per share consist of interim and final dividends declared and proposed in respect of the designated financial years.

WHAT'S IMPORTANT TO US

THESE ARE THE FIVE KEY AREAS OF FOCUS FOR US. THEY FORM THE RUNNING THEMES THROUGHOUT THIS REPORT.

HAPPY CUSTOMERS

Our top priority is to provide our customers with services and solutions they need to enrich their everyday lives. It is also of importance to us that they enjoy an unmatched customer experience while using our services. To this end, we have undertaken many initiatives across our entire service delivery platform (product feature, pricing, network coverage and quality, distribution network, loyalty programmes, employee training and customer service just to name a few) so that our customers enjoy the best we have to offer. Going forward, we will further increase investments in these areas to deliver an overall unmatched customer experience.

BEST NETWORK

We believe network coverage and quality make a real difference in how our customers connect to the people and things that matter most to them. Increasingly, our customers are becoming more sophisticated, and with this, their demand for mobile Internet has been increasing strongly. That is why expanding our networks' reach and maintaining their quality and resiliency to deliver the best voice and data are key areas of focus for us. Network improvements also represent our largest and most important capital expenditure.

BEST PEOPLE

Developing and retaining the right people is critical to us. In laying the foundation for change, the emphasis is on creating a great place to work for great people. We are building leadership and capability in the skills most crucial to our business, particularly in diversifying our product and service offerings. We work hard to retain our best people and to provide an environment that will motivate them to give their best and reach their full potential.

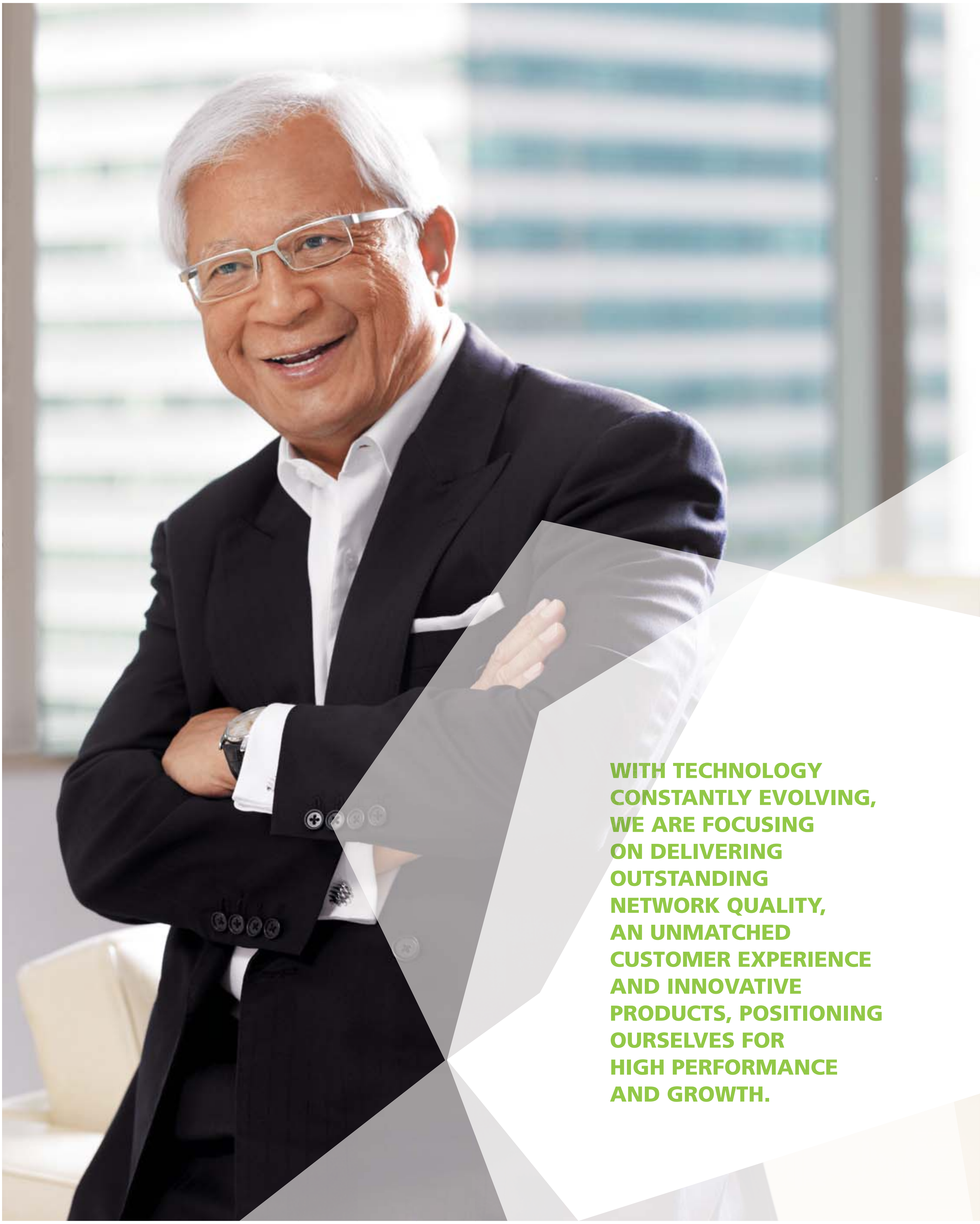
INNOVATIVE SOLUTIONS

Our industry is maturing fast, with mobile SIM penetration already exceeding 140%. Competition is intensifying among established operators and new entrants as they push to increase their market share. In addition, more non-traditional Internet players are expanding into the telecommunications space with substitutes that tend to displace traditional voice and SMS services. We will continue to build our competitive advantage by providing our customers with innovative products and services, to provide a differentiated experience and better value. We are also developing capabilities and partnerships to create new ways of working for our customers.

STRATEGIC GOVERNMENT AND INVESTOR RELATIONS

Maxis maintains regular engagement with key regulatory authorities. Our licences and spectrum allocations are essential to business operations and we seek to ensure compliance, in addition to maintaining or procuring sufficient spectrum. We engage our regulatory authorities on key policy decisions impacting the business to ensure stable policies and supportive regulatory conditions, in line with best practices. We also participate actively in various industry bodies that can shape regulatory policy, such as the Communications and Multimedia Consumer Forum of Malaysia and the Malaysian Access Forum Berhad.

CHAIRMAN'S
STATEMENT



WITH TECHNOLOGY CONSTANTLY EVOLVING, WE ARE FOCUSING ON DELIVERING OUTSTANDING NETWORK QUALITY, AN UNMATCHED CUSTOMER EXPERIENCE AND INNOVATIVE PRODUCTS, POSITIONING OURSELVES FOR HIGH PERFORMANCE AND GROWTH.

STEADY GROWTH IN A MATURING INDUSTRY

2013 was a challenging year for the mobile telecommunications industry, as voice and SMS revenues continued to come under pressure from the increasing uptake of over-the-top (OTT) applications, combined with more intense competition among existing players.

We are also operating in an increasingly digital environment. New technologies are constantly evolving, rapidly reshaping the way we connect, communicate, do business and socialise. At Maxis, we are responding to this by continuously delivering outstanding network quality, providing wide coverage and fast and reliable Internet connection speeds. We stepped up efforts to strengthen our mobile network with an investment of over RM815 million in 2013. I am pleased to report that as a result, we have maintained our leadership in the network space by having the widest 4G coverage footprint and device offerings while continuously expanding and enhancing our 3G infrastructure. We have made steady progress in positioning ourselves for high performance and long-term sustainable growth.

GROUP PERFORMANCE FOR THE YEAR

Overall, the Group generated stable revenue of RM9.1 billion, up 1.3% over the previous year, on the back of growth in mobile Internet and data. Mobile revenue, however, continued to be affected by lower voice and SMS usage.

Normalised EBITDA improved 3.7% to RM4.5 billion, while our EBITDA margin ended at 49.8%, reflecting our continued focus on cost efficiency. This excludes Career Transition Scheme (CTS) costs of RM143 million and RM65 million provision for contract obligations related to Home services. Normalised PAT also grew by 2.3% to RM2.1 billion after adjusting for one-off items.

The Board of Directors is pleased to recommend a final dividend of eight sen per share for the financial year ended 31 December 2013 at the forthcoming Annual General Meeting. The four interim dividends paid and the recommended final dividend will bring the total to 40 sen per share, amounting to RM3 billion in total dividend payout to shareholders.

WINNING IN A CHANGING ENVIRONMENT

We have positioned ourselves strongly to leverage opportunities that will arise from increasing data consumption. This increase is being driven by smartphone adoption especially in the low-to-mid tier segment, digital entertainment becoming mainstream, and the availability of more data intensive applications.

The demand for value-added business solutions is also growing. New mobility-based ways of working in areas like managed services, cloud computing, machine-to-machine, and security solutions are accelerating rapidly especially among small and medium enterprises. The current market is still nascent, offering exciting opportunities for profitable growth.

At the same time, we expect to see competition intensifying in a fast, maturing industry. This means that we will need to be much more differentiated and creative, particularly in terms of strong branding and marketing initiatives, innovative value-for-money plans and solutions, improved distribution, and an enhanced network. A significant part of our network and IT capacity is already dedicated to data. We will continue to invest in rolling out 4G and improving our 3G quality.

As more data-hungry devices and applications emerge in the mobile broadband space, our challenge is to have adequate spectrum to deliver seamless high-speed broadband connectivity with the best possible service quality. To this end, we are grateful to the Government for releasing the 2600MHz spectrum to Malaysian operators for 4G services.

In line with global developments, it is crucial that in the near future, mobile operators have access to lower bands such as the 700MHz, 800MHz and 850MHz spectra to enable them to provide more efficient 4G services and beyond. In this respect, we welcome the recent Government announcement on the expected availability of 700MHz to mobile operators in 2018 and hope for allocation of the 800MHz band.

We have refined and streamlined our organisational structure to make us more agile in anticipation of the constantly changing needs of our customers. Our operations now consist of four core areas – Consumer Business, Enterprise Solutions, Digital Services and Sales and Service. A CTS was initiated during the year, which has enabled us to better align skill-sets with business priorities.

CHAIRMAN'S
STATEMENT
Continued

In order to maintain a sharp focus on providing better service and value, we have increased our on-ground presence and started modernising our retail stores. Moving forward, giving an unmatched customer experience will continue to be the centre of everything we do as a company.

I am pleased to welcome Morten Lundal as the new CEO of Maxis and Executive Director on the Board. I am confident he will widen the Company's market leadership through his innovative thinking, his drive, and his proven track record for creating industry benchmarks. The CEO's statement outlines some of the areas that are being addressed in the Company's transformation into a high-performance organisation.

THE BOARD'S COMMITMENT

The Board continues to place great emphasis on sound corporate governance and corporate responsibility while providing wise stewardship and strategic guidance to drive a culture of high performance and continuous improvement throughout the Company. We have a broad mix of skills, experience, knowledge and competencies in the Boardroom. Our key priorities in 2013 were to strengthen the leadership in order to raise our performance to new levels, maintain a high degree of trust and transparency and create significant value for our shareholders.

RM815 MILLION

invested in network infrastructure and modernisation

CORPORATE RESPONSIBILITY

Sustainability and its impact on businesses are becoming increasingly important to all stakeholders. Our corporate responsibility programmes help us create value by reaching out to a wider community. At Maxis, we want to continuously deliver on doing good work, and to positively impact the communities in which we operate. Our focus has been on both education and technology, equipping individuals with skills that would enrich their lives. For instance, our flagship corporate responsibility initiative – the Maxis Cyberkids programme – reaches out to underserved, rural and isolated communities, educating students and teachers about basic IT knowledge. We are proud to play a role in empowering their lives, exposing them to the world of technology, developing and honing their skills creatively and effectively.

ACKNOWLEDGEMENTS

We received notification from Maxis Communications Berhad (MCB) the majority shareholder of Maxis, that its nominees, Chan Chee Beng and Dr. Fahad Hussain S. Mushayt will be relinquishing their positions as directors of Maxis Berhad.

Accordingly, Chan Chee Beng who retires at the Annual General Meeting, will not be seeking re-election and Dr. Fahad Hussain S. Mushayt will resign at the conclusion of the Annual General Meeting.

The Board and the Company have benefited from their wise counsel and valuable contributions since their appointments in 2009, and on behalf of the Board, I would like to express my gratitude to them.

MCB has nominated Lim Ghee Keong and Fraser Mark Curley to take the place of these directors. The Board believes the Company will benefit from their knowledge and experience and has approved their appointments as directors to take effect from 8 May 2014.

I would also like to take this opportunity to welcome Hamidah Naziadin as the newest member of the Board. As a Director of Maxis, Hamidah brings 27 years of experience in human resource management, thus further underscoring our commitment to talent. It is important for us to continuously ensure that we attract the right calibre of individuals to join Maxis, and to develop and retain the best and brightest.

In addition, I would like to lend my continuous support to the leadership team for their efforts to drive the Company towards greater heights of achievement and performance. I also want to thank all the staff for their commitment and hard work and for the positive way in which they have responded to the challenges and change.

I would like to thank our customers, business partners, associates and our shareholders for their support and confidence.

Our thanks also go to the Ministry of Communications and Multimedia Malaysia and the Malaysian Communications and Multimedia Commission for their on-going support, and we look forward to our continued collaboration.

Finally, I am grateful for the valuable services of my fellow Board members. We look forward to working together in the next phase of Maxis' development.

RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA

CHAIRMAN / INDEPENDENT NON-EXECUTIVE DIRECTOR

CEO'S STATEMENT

2014 IS A YEAR OF TRANSFORMATION TOWARDS BEING ADMIRED FOR EXCELLENCE IN 2015.

ASKING "WHAT'S NEXT" IN EVERYTHING WE DO

MAXIS IN 2013

2013 was not the easiest year for Maxis or indeed for mobile operators in general, domestically and internationally. We have as an industry for many years expected changes in our revenue structure driven by Internet technologies and applications. These trends were until recently only on PowerPoint slides but can now be seen in our financial statements, particularly in terms of lower voice and SMS usage.

Furthermore, we have many competitors in Malaysia hungry for market share, and naturally we see prices under pressure. On the other hand, we are experiencing high and growing demand for our data services. We can be even better at meeting that demand, which will be detailed further in this statement.

But even in 2013 we did lots of things we can already be proud of. For instance, our customers were the first to experience the amazing speed of 4G in Malaysia. We introduced data quota sharing across multiple devices enabling our customers to optimise data usage. And to make mobile Internet even more naturally accessible, our #Hotlink prepaid customers can now experience basic mobile Internet without having to purchase a data plan. We also removed the risk for customers to get bill shocks from data usage.

2013 FINANCIAL HIGHLIGHTS

- **REVENUE: RM9.1b**
- **NORMALISED EBITDA: RM4.5b**
- **NORMALISED EBITDA MARGIN: 49.8%**
- **NORMALISED PAT: RM2.1b**

MAXIS IN 2014

It is clear where we need to go and what we need to do. Most importantly, we need to make sure that Maxis delivers the best Internet experience. It is as easy and as hard as that.

The Internet is such a transforming force, changing peoples' lives and businesses in so many ways, right in front of our eyes. And as the Internet experience goes increasingly mobile, the handset/tablet/notebook is becoming the preferred device to access content. In the middle of this Internet-driven revolution, our purpose becomes ambitious and important – to make sure that the Internet is always better with Maxis.

We are already positioned as the leading data provider, but we know our customers require more from us today; this will be even more so tomorrow. So we need to invest in network and IT, and we need to design products and more services that maximise our customers' freedom to communicate.

Maxis needs a transformation of its own. If we set the bar really high (and we do), we have performance gaps we need to fill. We have already started this change, and we are now a leaner and fitter organisation than we were a year ago, which enables us to work in a more results-driven way. For instance, in 2013, we refined our organisation, and re-evaluated as well as refreshed all roles to better align our employees' skill-sets with our business priorities. A Career Transition Scheme was also offered to employees whose roles were affected or impacted to ensure they were provided with the necessary support during this period. In line with making Maxis more agile and lean, we have also streamlined our operations into four key areas – Consumer Business, Enterprise Solutions, Digital Services and Sales and Service.

2014 will therefore be pivotal for Maxis and will mark a year of transformation. The change has already begun – starting with revitalising the culture of our Company. We are also on the road to delivering the very best in mobile Internet access and an unmatched customer experience. This is all part of our strategy to differentiate our brand and become an organisation admired for excellence.

With that in mind, we need to continue our focus on increasing mobile data usage. Data will be in the driver's seat as we deliver innovative and attractive products and pricing to our customers. Our new mobile Internet plans are set to inspire confidence and trust, allowing users truly worry-free Internet access and opportunities to use data just the way they want it.

We are already seeing an impact. Our postpaid subscribers have increased as a result of our being first to market with 4G, innovative multi-device data sharing plans, as well as exciting and new content, such as Spotify and our 'Maxis Bites' social media package.

Our prepaid customers have already begun responding positively to the #Hotlink plan launched in September last year. This gives them access to free basic Internet at all times, with the opportunity to upgrade to high-speed Internet at just RM1 a day. With #Hotlink, we have also simplified on-net and off-net tariffs by having one flat rate.

2014
YEAR OF TRANSFORMATION

2015
ADMIRED FOR EXCELLENCE

BECOMING AN OPERATOR OF CHOICE

With these plans set in motion, our goals are three-fold. First, to regain leadership in the prepaid segment by attracting and being more relevant to the youth and urban segments in particular. Second, we aim to increase data usage by delivering a worry-free experience. Third, to significantly enhance our enterprise capabilities, offering new and innovative ways of working, such as cloud computing and managed services capabilities, as well as targeting the SME market.

While we continuously introduce attractive mobile Internet plans, we will also need to have the infrastructure for it. We have so far increased 2G and 3G coverage to reach 95% and 83% of Malaysia's total population, respectively. We have also ramped up our 4G footprint to reach a population coverage of 15% of the country – making us the leader on this front.

In doing so, over RM1 billion has been set aside for capital expenditure in 2014 to build the capabilities that we require for robust growth. We will continue to expand 4G coverage and 3G quality, while adding in radio technology, more core networks, and greater fibre connectivity for end users. With this, data will not only be faster, but cover a wider footprint.

But it is not all just about the plans or the infrastructure. It is also about delivering an unmatched customer experience, giving our users the freedom to communicate and connect wherever, whenever. And that is one thing I am perpetually obsessed about. We want to make the Maxis customer experience simpler, convenient and meaningful.

We have already made considerable headway with initiatives such as strengthening customer touchpoints via our first modernised retail outlets, the Maxis Online Store and our revamped website. We have also helped customers manage their mobile spend and eliminate "bill shock". Our self-service app that enables our subscribers to interact with customer service representatives in real-time, will get even better.

Essentially, we aim to create more "like" moments for the brand. We need to give our customers more reasons to like our company by constantly surprising and exciting them. Moving forward, we will build deeper connections with our consumers, converting these "likes" to loyalty.

What is critically important to our success and growth strategy is the Maxis Way – a cultural change that we are putting in place to develop highly capable and engaged people with strong values who are positive, collaborative and passionate about our brand, our customers and how we work. This will drive all our efforts to create a high-performance culture throughout the Company.

BEYOND 2014

For Maxis, the year 2014 will be transformational for the Company. We need to continuously build confidence among our stakeholders that we deliver strong products and a solid network, and that we have a clear advantage when it comes to customer service and value propositions. We need to stand firm on this commitment – to continue focusing on quality and delivering as promised. I am looking forward to moving through with this transformation, on to 2015, where Maxis is admired for excellence.

I would like to thank the Board of Directors for their support, guidance and contributions. Thank you also to the management and staff for their dedication and hard work. And on behalf of Maxis, my deep gratitude to our customers, business partners and dealers for their confidence and support.

MORTEN LUNDAL
CHIEF EXECUTIVE OFFICER

GROUP QUARTERLY
FINANCIAL PERFORMANCE

2013 FINANCIAL PERFORMANCE

RM'm	2013 FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	YEAR 2013
Revenue	**2,327**	**2,294**	**2,239**	**2,224**	**9,084**
EBITDA	**1,122**	**1,165**	**1,052**	**971**	**4,310**
Normalised EBITDA	**1,122**	**1,165**	**1,154**	**1,081**	**4,522**
Profit from Operations	**745**	**816**	**749**	**515**	**2,825**
PBT	**666**	**735**	**667**	**428**	**2,496**
PAT	**476**	**530**	**474**	**292**	**1,772**
Normalised PAT	**521**	**560**	**550**	**466**	**2,097**
Profit attributable to equity holders of the Company	**475**	**528**	**472**	**290**	**1,765**
Earnings per share – basic (sen)	**6.3**	**7.0**	**6.3**	**3.9**	**23.5**
Dividends per share (sen) [1]	**8.0**	**8.0**	**8.0**	**16.0**	**40.0**

2012 FINANCIAL PERFORMANCE

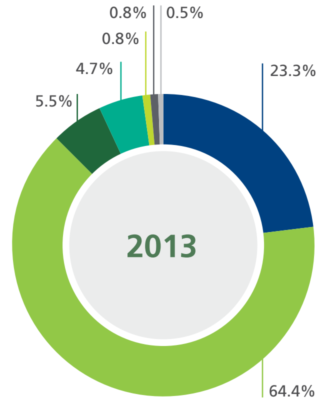
RM'm	2012 FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	YEAR 2012
Revenue	2,229	2,216	2,216	2,306	8,967
EBITDA	1,133	1,106	1,055	1,065	4,359
Normalised EBITDA	1,133	1,106	1,055	1,065	4,359
Profit from Operations	838	694	708	624	2,864
PBT	767	630	632	547	2,576
PAT	573	466	443	378	1,860
Normalised PAT	557	548	465	479	2,049
Profit attributable to equity holders of the Company	572	464	442	378	1,856
Earnings per share – basic (sen)	7.6	6.2	5.9	5.0	24.7
Dividends per share (sen) [1]	8.0	8.0	8.0	16.0	40.0

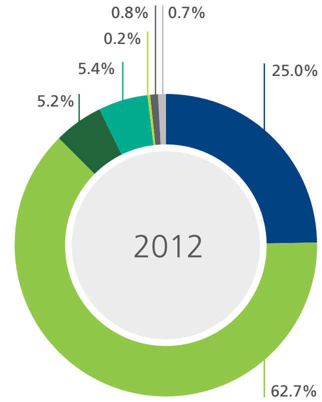
Note:

(1) Dividends per share consists of interim and final dividends declared and proposed in respect of the designated financial periods/years.

SUMMARISED GROUP STATEMENT OF FINANCIAL POSITION

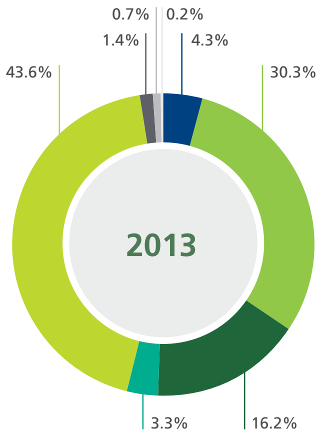
TOTAL ASSETS

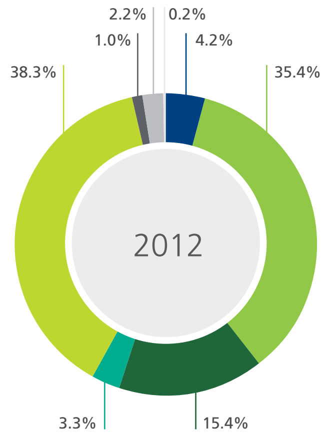




2013 RM'm	2012 RM'm	
4,038	4,459	Property, plant and equipment
11,167	11,152	Intangible assets
947	922	Receivables, deposits and prepayments
808	967	Cash and cash equivalents
145	28	Derivative financial assets
131	141	Deferred tax assets and tax recoverable
94	133	Other assets
17,330	**17,802**	

TOTAL EQUITY AND LIABILITIES





2013 RM'm	2012 RM'm	
750	750	Share capital
5,251	6,299	Reserves
2,806	2,752	Payables and accruals
566	583	Taxation and deferred tax liabilities
7,552	6,812	Borrowings
245	174	Provisions for liabilities and charges
118	398	Derivative financial liabilities
42	34	Other liabilities and non-controlling interest
17,330	**17,802**	

SEGMENTAL
ANALYSIS

	2013 RM'm	2012 RM'm	2011 RM'm
SEGMENT REVENUE			
Mobile services	**8,492**	8,537	8,446
Enterprise fixed services	**240**	203	181
International gateway services	**281**	196	156
Home services	**71**	31	17
Other operations	**-**	-	-
TOTAL	**9,084**	**8,967**	**8,800**
SEGMENT EBITDA			
Mobile services	**4,274**	4,308	4,346
Enterprise fixed services	**90**	64	51
International gateway services	**49**	48	42
Home services	**(185)**	(109)	(49)
Other operations	**82**	48	33
TOTAL	**4,310**	**4,359**	**4,423**
SEGMENT RESULTS [1]			
Mobile services	**3,016**	2,984	3,235
Enterprise fixed services	**49**	27	25
International gateway services	**39**	29	22
Home services	**(307)**	(187)	(57)
Other operations	**28**	11	7
TOTAL	**2,825**	**2,864**	**3,232**

Note:

[1] Segment results represent profit from operations.

INVESTOR RELATIONS

COMMITMENT TO SHAREHOLDERS

Maxis is committed to creating long-term value for its shareholders. Since its listing in November 2009, Maxis has been providing cash returns to shareholders on a regular basis through the declaration of interim dividends on a quarterly basis and a final dividend in each financial year.

In the financial year 2013, Maxis declared/recommended dividends totalling RM3.0 billion (40 sen net/share) to our shareholders, comprising:

- Four interim dividends of RM600 million (8.0 sen net/share) per quarter totaling RM2.4 billion (32.0 sen net/share) for the year; and
- A recommended final dividend of RM600 million (8.0 sen net/share) subject to shareholders' approval.

The total dividend payout of 40 sen net/share represents a dividend yield of 5.5% based on the closing price of RM7.27 as at end 2013.

DIVIDEND POLICY

Our full dividend policy, as stated in our IPO prospectus dated 28 October 2009 is reproduced below for your reference:

"The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of the Board 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 Maxis' earnings, capital requirements, general financial conditions, the Company's distributable reserves and other factors considered relevant by the Board.

The Company has proposed to adopt a dividend policy of active capital management, and proposes to pay dividends out of cash generated by its operations after setting aside necessary funding for network expansion and improvement and working capital needs.

As part of this policy, the Company targets a payout ratio of not less than 75% of its consolidated Profit After Tax under Malaysian Generally Accepted Accounting Standards (GAAP) in each calendar year beginning financial year ending 31 December 2010, subject to the confirmation of the Board and to any applicable law, license and contractual obligations and provided that such distribution would not be detrimental to its cash needs or to any plans approved by its Board.

Investors should note that this dividend policy merely describes the Company's present intention and shall not constitute legally binding statements in respect of the Company's future dividends which are subject to modification (including reduction or non-declaration thereof) at the Board's discretion.

As the Company is a holding company, its income, and therefore, its ability to pay dividends, is dependent upon the dividends and other distributions that it receives from its subsidiaries. The payment of dividends or other distributions by the Company's subsidiaries will depend upon their operating results, financial condition, capital expenditure plans and other factors that either respective boards of directors deem relevant. Dividends may only be paid out of distributable reserves. In addition, covenants in the loan agreements, if any, for the Company's subsidiaries may limit their ability to declare or pay cash dividends."

Notwithstanding the above, the payout ratios for 2011, 2012 and 2013 were 119%, 162% and 170% respectively.

INVESTOR ENGAGEMENT

The Company is committed to enhancing long-term shareholder value through regular on-going dialogue with its shareholders, both individual and institutional.

To this end, the Company strives to ensure that shareholders have ready and timely access to all publicly available information of the Company. The key spokespersons and representatives for Investor Relations of the Company are the Chief Executive Officer, the Chief Financial and Strategy Officer and the Head of Investor Relations. Some of these investor related activities are described below.

ANNUAL GENERAL MEETING

The Company fully recognises the rights of shareholders and encourages them to attend and exercise their rights at the annual general meeting as this provides a valuable opportunity to discuss the Company's performance, plans, corporate governance and other important matters with management and the Board, as appropriate.

Notices of the annual general meetings and the accompanying papers are provided to shareholders within the prescribed time in accordance to the Bursa Securities Listing Requirements. These notices are lodged with Bursa Securities. They are also placed in major local newspapers.

These annual general meetings are held at a convenient location to allow as many shareholders as possible to attend personally. All directors are expected to attend the annual general meetings. The Company also requires its external auditors to attend each annual general meeting to answer questions on the conduct of the audit and the preparation and content of the auditor's report.

In every annual general meeting, the management team presents a comprehensive review of the Company's financial performance for the year and outlines its prospects for the following financial year. Time is set aside for shareholders' queries. Where it is not possible to provide immediate replies, the Company undertakes to provide shareholders with written replies after these annual general meetings. Copies of the review are posted on the Company's Investor Relations website immediately after the close of the annual general meetings.

INVESTOR
RELATIONS
Continued

QUARTERLY FINANCIAL RESULTS

Every quarter, the Company's financial results are released publicly through Bursa Securities. These announcements contain condensed consolidated financial statements, a summary of financial and operational indicators and an analysis of performance.

This is followed by a press release and a conference call for the investment community. All press releases and presentation materials used in the analyst conference call are simultaneously made available on the Maxis Investor Relations website. This clearly reflects the Company's commitment to transparency in our financial reporting.

MEETINGS, CONFERENCES AND ROADSHOWS

While the Company continues to attract strong interest from both local and international investment communities, it also recognises the importance of maintaining regular contact and building rapport with local and international investors.

Therefore, part of the Company's investor related initiatives include one-on-one meetings with investors, participation in major investment conferences and engaging investors in non-deal roadshows covering the major financial market centres in Singapore, Hong Kong, the United Kingdom and the United States of America.

WEBSITE

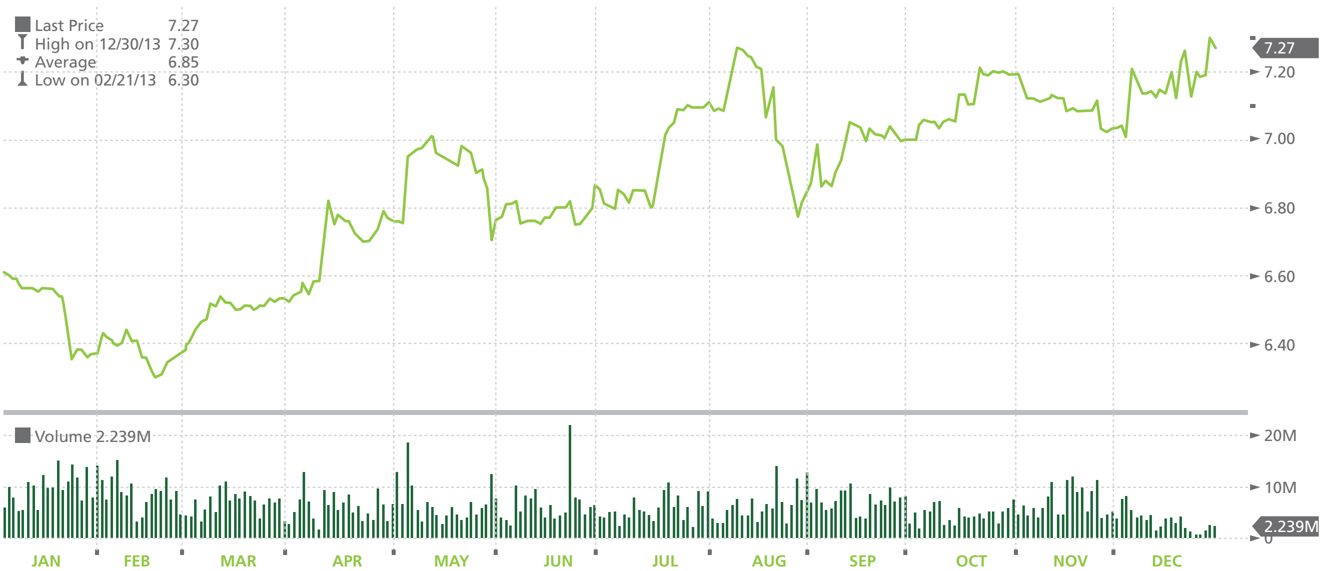
Our corporate website has a dedicated section on Investor Relations which provides current as well as historical financial data points such as announcements to Bursa Securities, quarterly financial results, presentation materials and annual reports. In addition, the Company's press releases are uploaded in the adjacent Media Centre section of the website.

FEEDBACK AND ENQUIRIES

As part of the Company's continuing commitment to engage proactively and regularly with shareholders and the larger investment community, we welcome feedback on our Investor Relations initiatives and information provided.

Queries, requests for publicly available information, comments and suggestions to the Company can be directed to ir@maxis.com.my. We look forward to the continued engagement.

MAXIS SHARE PRICE PERFORMANCE – 1 JANUARY 2013 TO 31 DECEMBER 2013



		2010	2011	2012	2013
Dividends (RM'm)	Interim	2,400	2,400	2,400	**2,400**
	Final	600	600	600	**600**
	Total	**3,000**	**3,000**	**3,000**	**3,000**
Dividend Per Share (sen)	Interim	32.0	32.0	32.0	**32.0**
	Final	8.0	8.0	8.0	**8.0**
	Total	**40.0**	**40.0**	**40.0**	**40.0**
Earnings Per Share (sen)		30.6	33.7	24.7	**23.5**
Payout Ratio (%)		130.7	118.7	161.6	**170.0**
Dividend Yield (%)		7.5	7.3	6.0	**5.5**

CORPORATE INFORMATION

BOARD OF DIRECTORS

RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA
Chairman/
Independent Non-Executive Director

ROBERT WILLIAM BOYLE
Independent Non-Executive Director

DATO' MOKHZANI BIN MAHATHIR
Independent Non-Executive Director

HAMIDAH NAZIADIN
Independent Non-Executive Director

KRISHNAN RAVI KUMAR
Non-Executive Director

DR. FAHAD HUSSAIN S. MUSHAYT
Non-Executive Director

DR. IBRAHIM ABDULRAHMAN H. KADI
Non-Executive Director

AUGUSTUS RALPH MARSHALL
Non-Executive Director

CHAN CHEE BENG
Non-Executive Director

ALVIN MICHAEL HEW THAI KHEAM
Non-Executive Director

MORTEN LUNDAL
Chief Executive Officer/
Executive Director

SENIOR INDEPENDENT DIRECTOR

DATO' MOKHZANI BIN MAHATHIR
e-mail : mmokhza@maxis.com.my

AUDITORS

PRICEWATERHOUSECOOPERS
Level 10, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
Tel : + 603 2173 1188
Fax : + 603 2173 1288

REGISTERED OFFICE

MAXIS BERHAD
(Company No 867573-A)
Level 18, Menara Maxis
Kuala Lumpur City Centre
Off Jalan Ampang
50088 Kuala Lumpur
Malaysia
Tel : + 603 2330 7000
Fax : + 603 2330 0590
Website : www.maxis.com.my

SHARE REGISTRAR

SYMPHONY SHARE REGISTRARS SDN. BHD.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Tel : + 603 7841 8000
Fax : + 603 7841 8008

STOCK EXCHANGE LISTING

MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD
Listed since 19 November 2009
Stock Code : 6012

COMPANY SECRETARY

DIPAK KAUR
(LS 5204)

HEAD OF INTERNAL AUDIT

CHOW CHEE YAN

INVESTOR RELATIONS

AUDREY HO SWEE FONG
Tel : + 603 2330 7000
Fax : + 603 2330 0594
e-mail : ir@maxis.com.my

ENQUIRIES/ASSISTANCE PERTAINING TO MATTERS RELATING TO THE 2013 ANNUAL REPORT AND FIFTH ANNUAL GENERAL MEETING
Toll Free Number: 1800 828 001
e-mail : agm2014@maxis.com.my
(valid from 9 April 2014 to 8 May 2014)

WHAT WE LIVE FOR

OUR PURPOSE
WHY WE EXIST

Inspiring confidence in what's next.

OUR VISION
WHERE WE ARE GOING

Admired for excellence

MAXIS WAY

OUR WAY
HOW WE NEED TO DO IT

Smart and simple

Obsessed with customers

Working well together and having fun

OUR VALUES
HOW WE BEHAVE

Positive

Collaborative

Passionate

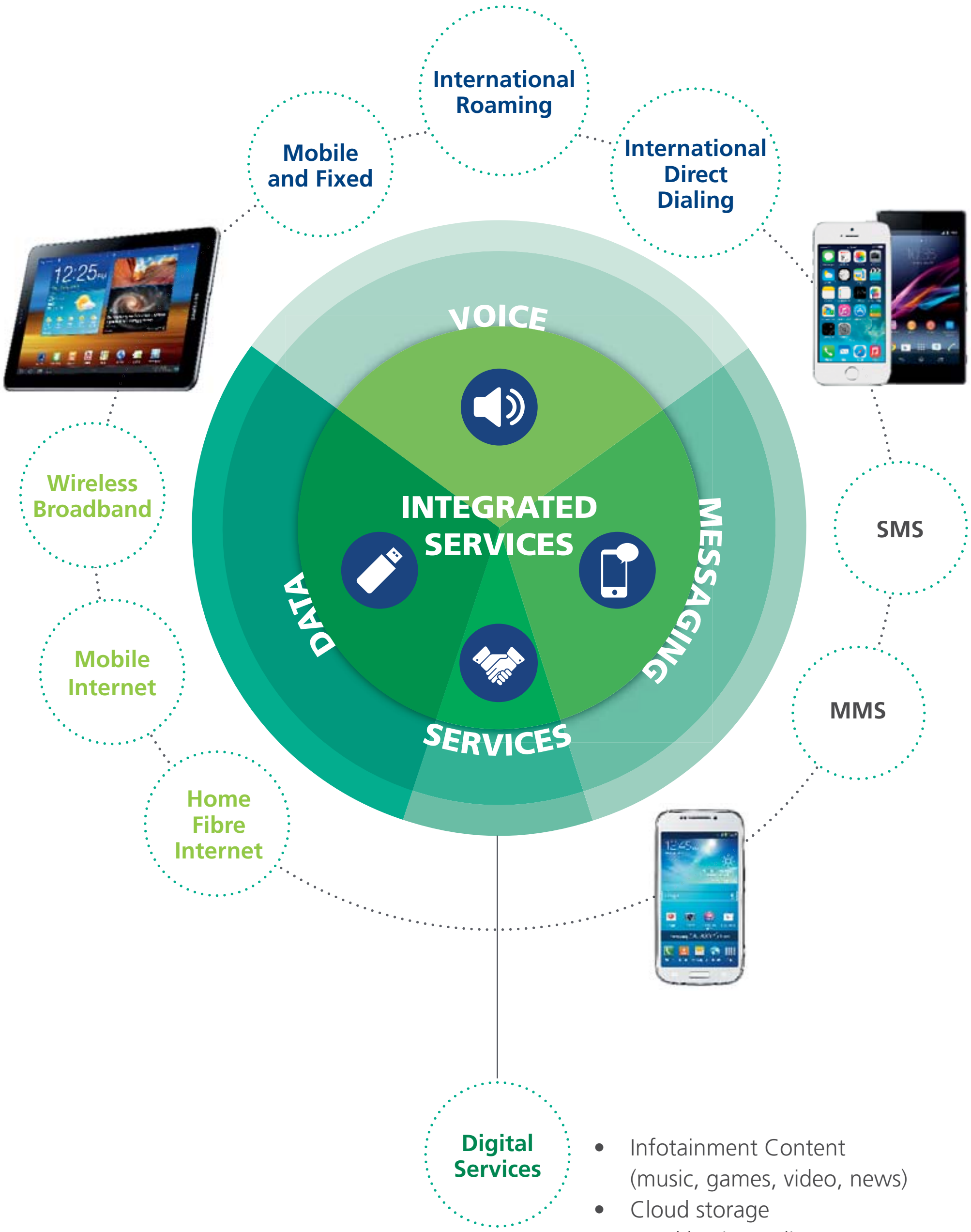

OVER
180,000
CUSTOMER
INTERACTIONS IN
2013 @MAXISLISTENS

WHAT WE DO

MAXIS IS MALAYSIA'S LEADING COMMUNICATIONS SERVICE PROVIDER.

Our Maxis and Hotlink brands have 12.9 million mobile subscriptions and offers a full suite of voice, messaging and data services expected of a tier-1 operator.

These services are complemented with the best selection of devices and plans, backed by an advanced high-speed network, an award-winning customer service team, and a growing library of relevant digital content and services to give customers the best user experience.



- Infotainment Content (music, games, video, news)
- Cloud storage
- Local business directory
- Payment
- Mobile advertising
- Digital Education

WE ARE INCREASINGLY OFFERING NEW WAYS OF WORKING TO OUR CUSTOMERS.

Maxis serves more than 50,000 businesses nationwide, and across all major industries, providing them with an innovative suite of communications services to help them work smarter and more efficiently. Whether small outfits or large enterprises, our customers can depend on us to help them manage their bandwidth requirements seamlessly over guaranteed fixed-line and wireless connections. We also offer a flexible combination of fixed and mobile converged solutions to meet their growing business needs and enable them to experience a new way of working that is more efficient and productive.

INTEGRATION OF YOUR OFFICE IT

DATA CONNECTIVITY
- Fixed Leased Line
- Fixed Broadband
- MPLS IP/VPN
- Wireless Broadband
- Mobile Internet

VOICE
- Mobile
- Fixed
- VoIP

MANAGED SERVICES
- Managed Network Services
- Managed Security Services
- Data Centre & Hosting
- Cloud (IaaS & SaaS)

SOLUTIONS
- Retail & Industry Specific Solutions
- Unified Communications
- Mobility
- Managed M2M

DIRECTORS' PROFILES

RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA
AGED 67, A MALAYSIAN, WAS APPOINTED AS CHAIRMAN AND DIRECTOR OF MAXIS ON 16 OCTOBER 2009.
Chairman / Independent Non-Executive Director

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

His previous public appointments include being a member of the Securities Commission, the Malaysian Communications and Multimedia Commission, the Investment Panel of the Employees Provident Fund and the board of trustees of the National Art Gallery.

He is a Fellow of the Institute of Chartered Accountants in England and Wales, and a member of the Malaysian Institute of Accountants. He is also a member of the Malaysian Institute of Certified Public Accountants and served on its council for 24 years, including three years as its president.

He sits as Chairman of the Nomination Committee.

ROBERT WILLIAM BOYLE
AGED 66, A BRITISH CITIZEN, WAS APPOINTED AS A DIRECTOR OF MAXIS ON 17 SEPTEMBER 2009.
Independent Non-Executive Director

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

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

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

Please refer to Note 7.

NOTES:

1. The total number of Board meetings held during the financial year ended 31 December 2013 were eight. The number of Board Meetings attended by the Directors in the financial year is set out on pages 47 to 48 of this Annual Report.
2. None of the Directors have any family relationships with any Directors and/or major shareholders of the Company.
3. None of the Directors have any conflict of interest with the Company.
4. None of the Directors have any convictions for offences within the past 10 years.
5. None of the Directors have any sanctions and/or penalties imposed on them by any regulatory bodies during the financial year ended 31 December 2013.
6. For information on other directorships of public companies, please refer to their respective profiles.
7. The Directors, Robert William Boyle, Hamidah Naziadin, Augustus Ralph Marshall and Morten Lundal are standing for re-election as Directors of the Company. The Board has considered the assessment of the four Directors and collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors, as prescribed by Para 2.20A of the MMLR.
8. Dr. Fahad Hussain S. Mushayt has tendered his resignation effective 7 May 2014 and will retain office until the close of the Fifth Annual General Meeting.
9. Chan Chee Beng who retires in accordance with Article 114(1) of the Company's Articles of Association, has given notice that he will not be seeking re-election. Hence, he will retain office until the close of the Fifth Annual General Meeting.

Please also refer to the Chairman's Statement for Notes 8 & 9.

DATO' MOKHZANI BIN MAHATHIR
AGED 53, A MALAYSIAN, WAS APPOINTED AS A DIRECTOR OF MAXIS ON 16 OCTOBER 2009.
Independent Non-Executive Director

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

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

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

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

HAMIDAH NAZIADIN
AGED 50, A MALAYSIAN, WAS APPOINTED AS A DIRECTOR OF MAXIS ON 1 FEBRUARY 2014.
Independent Non-Executive Director

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

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

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

She has 27 years of experience in human resource, of which 23 years is with the CIMB Group. She has led her team to secure many HR-related awards for CIMB. Prior to joining CIMB, she was with Pacific Bank.

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

She is a member of the Audit and Remuneration Committees.

Please refer to Note 7.

DIRECTORS' PROFILES
Continued

KRISHNAN RAVI KUMAR
AGED 49, A SINGAPOREAN, WAS APPOINTED AS A DIRECTOR OF MAXIS ON 26 NOVEMBER 2012.
Non-Executive Director

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

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

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

DR. FAHAD HUSSAIN S. MUSHAYT
AGED 45, A SAUDI CITIZEN, WAS APPOINTED AS A DIRECTOR OF MAXIS ON 25 SEPTEMBER 2009.
Non-Executive Director

He is the Senior Executive Officer, Strategic Projects Development at STC. He joined STC in 2000 as a Senior Business Analyst in its Corporate Planning Department, and moved up later to be Strategic Planning Director and Business Development Director in 2001.

In July 2004, he was made Head of STC Strategic Investments Unit which he founded, reporting to the CEO. In this role, he initiated, managed, closed and subsequently oversaw in excess of US$8 billion in investments by STC in KSA and globally.

In 2011, he was promoted to vice president of Corporate Strategy, reporting to the group CEO. His responsibilities included promoting the growth agenda of STC, and enhancing the company's competitive position through strategic and business planning. He also oversaw the establishment and implementation of the group's investment strategy, customer experience strategy, integrated broadband strategy, as well as the digitisation strategy among others.

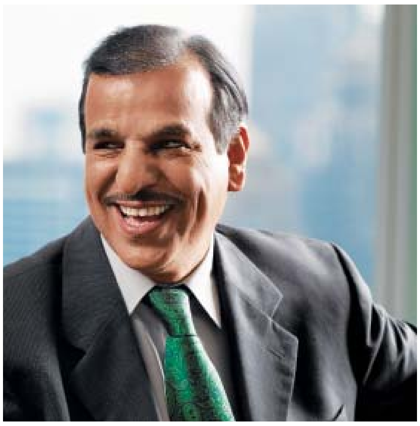
Throughout his career at STC, he has been responsible for representing STC locally and internationally, maintaining and expanding relationships with the telecom industry and regulators in KSA and abroad.

Prior to joining STC, he spent two years with the Saudi Industrial Development Fund. He has a B.Sc. degree in Operations Research from King Saud University, Riyadh and a M.Sc. in Economics from California State Polytechnic University, Pomona. He obtained a PhD in Political Economy and Public Policy from the University of Southern California L.A. He has also completed management programmes at INSEAD, London Business School and Stanford.

He was vice president of the Telecom Development Advisory Group of the International Telecommunication Union for three years. He sits on the board of many international and local companies including Maxis Communications Berhad and PT AXIS Telekom Indonesia.

He is a member of the Audit and Remuneration Committees.

Please refer to Note 8.



DR. IBRAHIM ABDULRAHMAN H. KADI
AGED 60, A SAUDI CITIZEN,
WAS APPOINTED AS A DIRECTOR
OF MAXIS ON 26 NOVEMBER 2012.
Non-Executive Director

He is an ICT consultant with wide-ranging experience/expertise in technology, business, policy, regulatory and market perspectives. He has over 35 years of experience in academic, professional, industrial and regulatory fields. His areas of expertise include Communication Engineering, Knowledge Economy, Market Analysis, Security and Socio-economic Impact of Technology.

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

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

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

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

He is a member of the Nomination Committee.

AUGUSTUS RALPH MARSHALL
AGED 62, A MALAYSIAN,
WAS APPOINTED AS A DIRECTOR
OF MAXIS ON 7 AUGUST 2009.
Non-Executive Director

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

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

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

Please refer to Note 7.

DIRECTORS' PROFILES
Continued

CHAN CHEE BENG
AGED 58, A MALAYSIAN, WAS APPOINTED AS A DIRECTOR OF MAXIS ON 7 AUGUST 2009.
Non-Executive Director

He has more than 30 years of experience in investment banking, financial management and accounting including stints with Ernst & Young and Morgan Grenfell & Co. Ltd prior to joining the Usaha Tegas Sdn. Bhd. ("UTSB") Group in 1992 as head of corporate finance. He is presently an executive director of UTSB and serves on the boards of several other companies in which UTSB has significant interests such as Maxis Communications Berhad and Binariang GSM Sdn. Bhd., having an operational base in Malaysia; Bumi Armada Berhad ("BAB") (listed on Bursa Malaysia Securities Berhad), an offshore oil and gas service provider and Sri Lanka Telecom PLC (listed on the Colombo Stock Exchange) and Mobitel (Pvt) Ltd., having an operational base in Sri Lanka.

He is also a director of MEASAT Satellite Systems Sdn. Bhd. ("MSS"), a regional satellite operator and a non-executive director of MEASAT Global Berhad ("MGB"), the holding company of MSS, Powertek Energy Sdn. Bhd., a wholly-owned subsidiary of 1Malaysia Development Berhad, which is involved in the business of power generation and related services and Yu Cai Foundation. He is a member of the audit and nomination and corporate governance committees of BAB and a member of the audit committee of MGB.

He holds a degree in Economics and Accounting from the University of Newcastle-upon-Tyne in the UK and is a Fellow of the Institute of Chartered Accountants in England and Wales.

He is a member of the Audit and Nomination Committees.

Please refer to Note 9.

ALVIN MICHAEL HEW THAI KHEAM
AGED 50, A MALAYSIAN, WAS APPOINTED AS A DIRECTOR OF MAXIS ON 30 AUGUST 2012.
Non-Executive Director

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

His 27 years of corporate experience covers financial advisory and private equity at H2O Capital; commercial banking at TD Bank; investment banking at Lancaster Financial; business development and marketing at P&G in Switzerland, Vietnam, Southeast Asia and Australia; and top management and regional board experience at L'Oreal where he was the president of its companies in Malaysia and Taiwan. He currently sits on the board of the Taipei American School and chaired its governance committee from 2011-2013.

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

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

MORTEN LUNDAL
AGED 49, A NORWEGIAN, WAS APPOINTED AS A DIRECTOR OF MAXIS ON 1 OCTOBER 2013.
Chief Executive Officer / Executive Director

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

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

Prior to Vodafone, he was Chief Executive Officer of DiGi.Com Berhad Group. Morten joined Nordic mobile operator Telenor in 1997 and has held several Chief Executive Officer positions including for the Internet Division and Telenor Business Solutions as well as the position of Executive Vice President for Corporate Strategy.

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

He is a member of the Employee Share Option Scheme ("ESOS") Committee.

Please refer to Note 7.


7.3m
MOBILE INTERNET CUSTOMERS
56%
SMARTPHONE PENETRATION

MAXIS
MANAGEMENT TEAM

MORTEN LUNDAL
Executive Director and Chief Executive Officer

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

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

Prior to Vodafone, he was Chief Executive Officer of DiGi.Com Berhad Group. Morten joined Nordic mobile operator Telenor in 1997 and has held several Chief Executive Officer positions including for the Internet Division and Telenor Business Solutions as well as the position of Executive Vice President for Corporate Strategy.

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

He is a member of the Employee Share Option Scheme ("ESOS") Committee.

NASUTION MOHAMED
Chief Financial and Strategy Officer

Nasution joined Maxis in January 2011 and was appointed as Chief Financial Officer on 15 April 2011. He was subsequently redesignated as Chief Financial and Strategy Officer in November 2013.

Nasution has over 20 years of wide business experience in Malaysia and overseas. Prior to joining Maxis, Nasution was the Managing Director/CEO of Penerbangan Malaysia Berhad (PMB). Prior to PMB, he was an Executive Director at UDA Holdings Berhad. Nasution started his career with KPMG in Australia and subsequently joined the Corporate Finance Division of Amanah Merchant Bank Berhad. He then moved on to Pengurusan Danaharta Nasional Berhad (Danaharta). Subsequent to Danaharta, Nasution joined KPMG Malaysia where he was Head of an Audit Department.

Nasution holds a Bachelor of Commerce degree from University of New South Wales, Australia and is a member of the Institute of Chartered Accountants in Australia (ICAA).

MORTEN BANGSGAARD
Chief Technology Officer

Morten is responsible for the development and operations of Maxis telecommunications and IT networks.

He joined Maxis in February 2014 and brings over 19 years of experience in the telecommunications industry with 15 years in various network roles and over four years as Chief Information Officer.

Prior to joining Maxis, Morten was Senior Vice President, Network Planning and Build with TDC, Denmark, responsible for planning, designing and building mobile, fixed and coax networks. Prior to that, he held various roles in TDC, Denmark including Chief Information Officer, Head of Network Development and Strategy, and Head of Market Support. Before joining TDC, Morten held several roles at Ericsson Denmark, Sweden and UK.

Morten holds a Master's degree in Mathematics and Economics from Aarhus University, Denmark.

MAXIS
MANAGEMENT TEAM
Continued

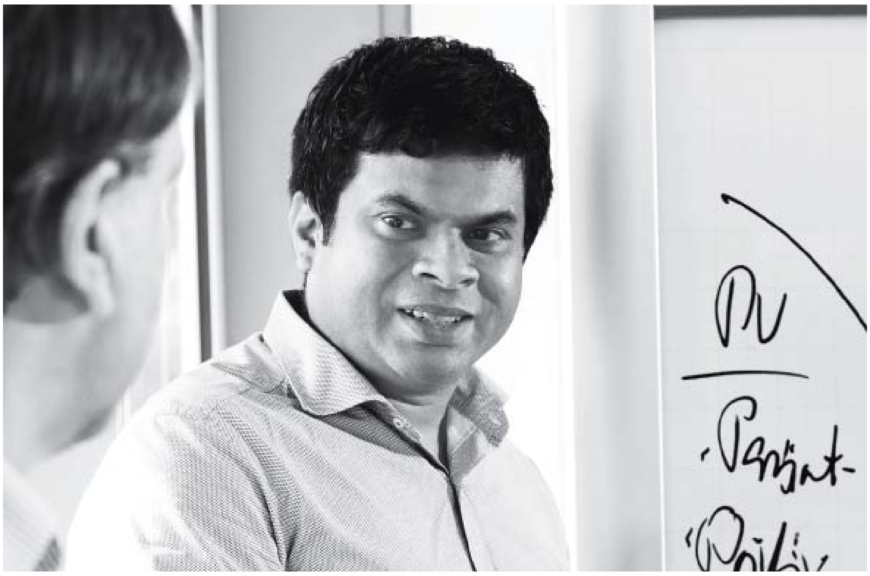
DUSHYANTHAN VAITHIYANATHAN
Head of Consumer Business

Dushyan is responsible for the end-to-end management of all mobile and fixed business for the consumer segment.

He joined Maxis in January 2013, and was appointed as Head of Consumer Business on 10 June 2013. He brings over 16 years of regional experience in consumer marketing, business strategy and corporate finance, of which approximately nine years were spent in the telecommunications industry.

Prior to joining Maxis, he was the Vice President for Business Development for Telenor ASA, Bangkok, responsible for developing regional operating models, planning and managing cross-border commercial initiatives and driving commercial business case developments in the region. Some of his senior assignments prior to Telenor include advisor to Managing Director and Executive Vice President of Unitech Wireless, Tamilnadu, as well as Head of Consumer Marketing and Head of Voice Products and Services for DiGi Telecommunications.

Dushyan holds a Bachelor of Science degree in Chemistry and Law (combined honours) from University of Exeter, UK.



ABRAHAM FOSS
Head of Enterprise

Abraham leads the Enterprise segment, encompassing corporate, government, small and medium enterprise (SME), and wholesale business.

Abraham is a seasoned international professional with over 20 years of experience with leadership experience in various industries such as telecom, IT, banking and government. He joined Maxis in February 2014 from Telenor Group where he spent 13 years of his career. His last held position was as Head of Financial Services within Telenor Group's Digital Services Division. He previously led Telenor Norway's Business Division for four years.

Apart from Telenor group of companies, Abraham also held the position of CEO of Sandsvaer Sparebank, listed on the Oslo Stock Exchange, and prior to that several financial management positions in Norway and internationally.

Abraham holds a Master in Finance/ Financial Management from Norwegian School of Economics.

TAN LAY HAN
Head of Sales and Service

Lay Han leads a team focusing on Customer Service, Channel and Supply Chain Management.

Lay Han joined Maxis in October 1999 as Head of Sales and Distribution and was subsequently appointed Head of Channel Distribution and Customer Service in February 2004, and later Head of Consumer Marketing in September 2006. In September 2009, he was appointed Head of Planning and in mid-2010, he took charge of the Business Transformation portfolio. On 10 June 2013, he was appointed Head of Sales and Service.

Prior to joining Maxis, he was General Manager at Tanjong Golden Village Sdn. Bhd. (now known as TGV Cinemas Sdn. Bhd.). He was also involved in various business development projects for Tanjong plc. including the establishment of the TGV business. He was previously with BP Malaysia Sdn. Bhd. where he held various marketing and operations positions for nine years.

Lay Han holds a Bachelor of Engineering from RMIT (Royal Melbourne Institute of Technology) and Masters in Business Administration from Cranfield School of Management.

ZAILANI ALI [1]
Head of People and Organisation

Zailani is responsible for implementing strategic People and Organisation initiatives and a seamless operating environment, both of which are geared towards creating an employee-oriented, high-performing workforce. This includes driving talent management, leadership development, and organisational effectiveness. He is also responsible for scholarship management, occupational safety and health, security and administration.

Zailani brings with him more than 20 years of HR experience from various industries. He joined Maxis from ING Insurance Malaysia where he was Head of Human Capital and Corporate Support Services. Some of his senior assignments prior to ING Malaysia include Group HR Manager of DRB Hicom Group, Regional HR Manager of Bestfoods International, Head of Human Resource and Admin for DaimlerChrysler Malaysia and Vice President of Human Resource Corporate Bank, Citibank Kuala Lumpur.

Zailani holds a Bachelor of Business Degree from the National University of Malaysia and is a certified 360 coach from Assessment Plus, USA.

Notes:

[1] Zailani Ali has tendered his resignation, effective 1 April 2014.

OUR CUSTOMERS

DELIVERING AN UNMATCHED CUSTOMER EXPERIENCE

BEST POSSIBLE USER EXPERIENCE

We have made it easier and more enjoyable for our customers to use our services, especially mobile data. For instance, we were the first to launch 4G in Malaysia, offering customers the fastest mobile Internet experience. We also provided a wide choice of the latest devices so that customers would be able to share their data quota across devices, hassle-free.

We are continuously introducing new and innovative methods to give our customers a peace of mind and worry-free Internet experience. This includes initiatives such as #Hotlink, which eliminates expensive pay-per-use data charges by offering free basic Internet to our prepaid customers.

This worry-free experience is also extended to our Talk More postpaid customers, who are prompted with SMS notifications to tell them they are reaching their voice, SMS and data bundle usage thresholds. In addition, we have shielded our customers from bill shocks by ensuring they enjoy the best value with daily data roaming passes – wherever they are.

BEST CUSTOMER INTERACTION

We want our customers to enjoy interacting with us across all our service channels and touchpoints. We continuously strive to improve our presence.

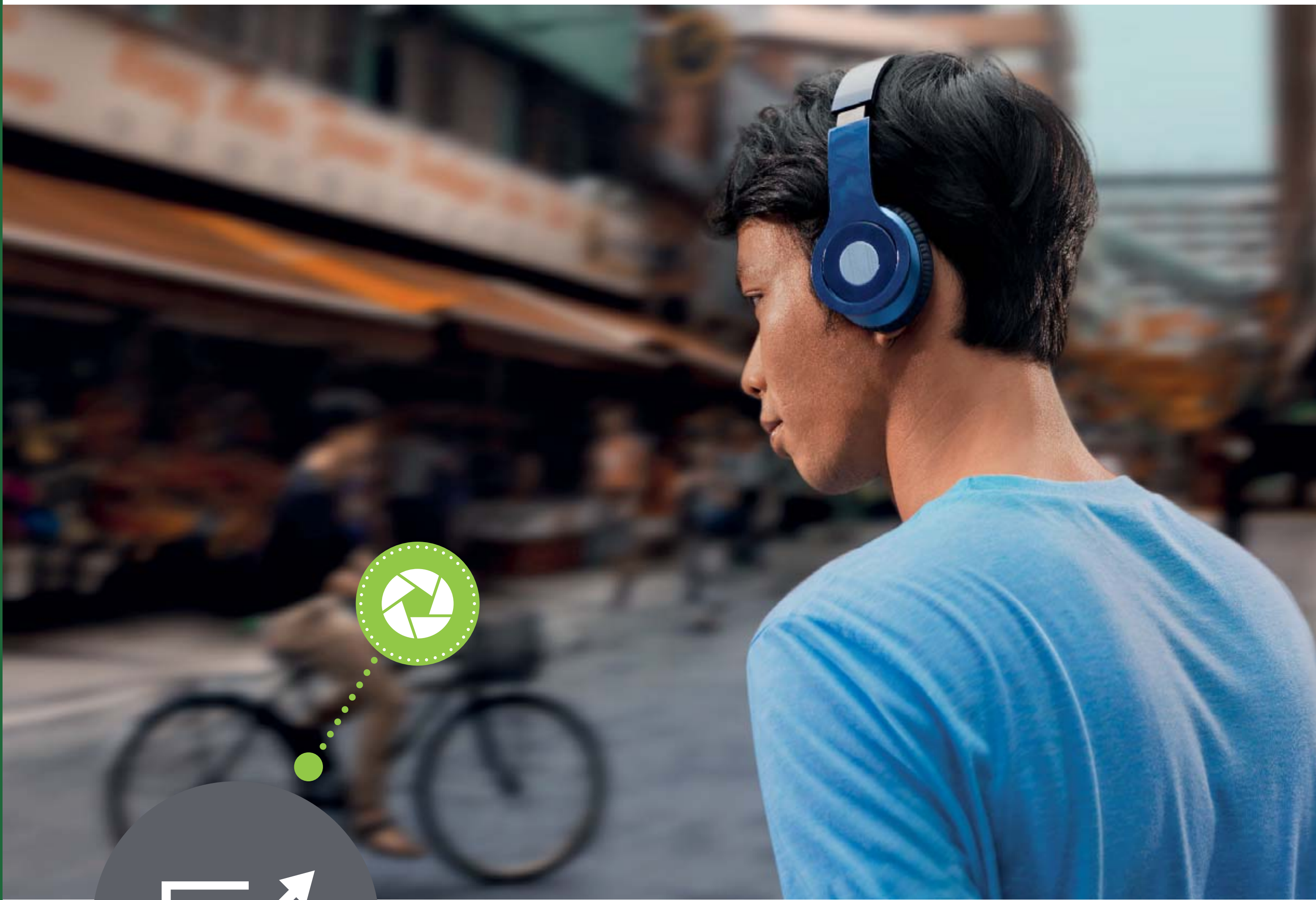
For instance, we have increased our on-ground presence. We modernised our KLCC flagship centre in August 2013, which not only provides a new service experience, but also redefines our engagement and service support to our customers. It has been revamped and is now a one-stop shop where customers can interact with our professionally trained staff, while browsing a wide array of devices and accessories. This is just the beginning of our retail modernisation, and efforts are underway to transform our other stores.

We have also increased initiatives in the digital space. Customers can now view their bill over a six-month period online, which can be broken down into domestic and international calls. User convenience was further enhanced when we launched our Maxis Online Store in February 2013, and our revamped website in April 2013.

MAXIS 4G

FIRST
TO LAUNCH 4G IN MALAYSIA

OVER 10 MILLION
CUSTOMER CARE CALLS IN 2013



OUR PRODUCTS

BECOMING THE OPERATOR OF CHOICE FOR DATA

	FY 2012	FY 2013	% change
Mobile Internet revenue as a percentage of total mobile revenue (excluding device revenue)	20.4%	**24.4%**	4.0%

BEST DATA EXPERIENCE

Within postpaid mobile, continued uptake of the mobile Internet bolt-on plans and data-centric plans ramped up mobile Internet penetration in 2013. To encourage higher data usage, we launched the SurfMore 30 Supplementary plan that gives customers 1GB of mobile Internet quota, plus free calls and SMSes between family lines.

Other postpaid initiatives included Share 'n' Surf (a single-user multi-device proposition that enables customers to share their monthly mobile Internet quota with up to five additional devices) as well as 4G device bundles on our premium plans. In addition, to leverage the popularity of OTT applications, we allowed customers unlimited usage of WhatsApp, Facebook, Twitter and Toot! in our 'Maxis Bites' packages. Customers may also continue their online experience overseas with peace of mind, following the introduction of worry-free data roaming passes in over 60 countries.

For the prepaid business, we launched #Hotlink, the first prepaid plan in Malaysia to offer free basic Internet, eliminating expensive pay-per-use data charges. We also launched a full suite of affordable mobile Internet plans to cater to our advanced data users, enabling easy upgrades to high-speed Internet of up to 42Mbps from just RM1 per day.

In an effort to enhance and reward loyal prepaid customers, we revamped our loyalty programme to offer free airtime on top-ups, replacing the bonus points programme which ran for five years. We ended the year by launching an online edition of Hot Tickets, called e-Hot Tickets to continuously offer better value propositions on our core products and services.

It was also an exciting year for wireless broadband. We introduced Malaysia's first 4G powered mobile personal WiFi modem (MiFi) that enables high-speed surfing and sharing across multiple devices while on-the-go.

On the home broadband front, customers can now enjoy the best of Astro TV, high-speed broadband and home voice services via Astro B.yond IPTV with Maxis.

DIGITALLY ENABLED CUSTOMERS

The digital age has driven demand for informative and entertaining content that is accessible anytime, anywhere and across any device. We want our customers to fully leverage their data plans to enjoy these services. In doing so, we formed key partnerships with leading brands such as Spotify that gives customers access to over 20 million songs on-the-go. In addition, we also offer services across emerging digital trends in the areas of payment, advertising, health, education and cloud storage.

ENTERPRISE SOLUTIONS MADE FOR YOU

Maxis Enterprise Solutions provide SMEs and corporations with seamless mobile and fixed services. Our Maxis Business Kit launched in 2013 for example, effectively combines mobile, Internet, business voice and marketing applications into a converged solution, making this the most affordable and complete bundle for SMEs.

Our full suite of fixed services leverages on our own fibre infrastructure and data centres. Some of these fixed services include Fixed Leased Line, Fixed Broadband, MPLS IP/VPN, Business Data & Voice Connectivity as well as hosting solutions such as Maxis Cloud Computing and Data Centre.

During the year, we continued to drive Managed M2M, Unified Communications and Mobility Solutions.

440 DATA TERABYTES

OVER 440TB OF DATA SERVED DAILY BY OUR FIXED AND MOBILE NETWORK

OUR NETWORK AND SYSTEMS

OFFERING UNRIVALLED EXCELLENCE

	2012	2013	% change
CAPEX (RM'm)	803	**815**	1.5%
As % of service revenue	9.4%	**9.6%**	

As a sign of our commitment, Maxis invested significantly in 2013 to provide the best experience to our customers.

BEST DATA NETWORK

In 2013, Maxis scored a critical win by being the first to launch commercial 4G services. We also continued to modernise our network, increase our network capacity and deliver communication services to more rural areas.

Today, our 2G and 3G networks cover 95% and 83% of the Malaysian population, respectively. We continue to upgrade our 3G network to be 42Mbps enabled, with more than 74% of sites activated with this capability. To deliver even faster data speeds – up to 10 times faster than 3G – we have rolled out 4G sites to reach 15% of the population, covering Klang Valley, Penang, Johor Bahru, Sabah and Sarawak and other major cities.

We are continuing to modernise our 2G and 3G legacy sites and introduce "single RAN" or multi-technology radio capable platforms. This will allow us to expand our 4G network faster and save on future capital and operating expenditure, apart from improving network quality experience of both voice and data.

Maxis is also the first operator to deploy the 2x20MHz on 4G 2.6GHz spectrum band in Malaysia, as a result of the infrastructure and spectrum sharing agreement inked with REDtone International Berhad in 2012. Our 4G network now has the fastest peak download speed of up to 150Mbps with our latest 4G Category 4 smartphone offerings such as Samsung Galaxy Note 3 and Sony Xperia Z1.

The demand for greater data speed and capacity and the introduction of 4G means that we will also need to transform the backhaul links from our base stations. We have upgraded 56% of our 3G sites with direct fibre and/or IP-based backhaul with capabilities of 30 Mbps to 600 Mbps.

In collaboration with MCMC, we are working towards bridging the digital divide between the urban and underserved areas in Sabah, Sarawak and Pahang. We introduced Femto, nano-BTS, WiFi and 4G apart from upgrading and enhancing 2G and 3G broadband networks.

EFFECTIVE IT ENABLERS

At Maxis, our intent is to empower our customers to interact more with us via their mobile devices, so that they can procure a broad range of Maxis services wherever they are, schedule a visit to our stores at any time they choose, or inquire or pay their bills from the comfort of their homes. In line with this, we made major IT investments in 2013 to strengthen our customer relationship management and billing capabilities, delivering enhanced customer experience. In tandem with our enhanced IT platform, new consumer pricing and bundling approaches will be introduced in 2014, offering customers worry-free usage and the flexibility to share usage among family and friends.

50 MILLION

WE CONNECT 50 MILLION PHONE CALLS EVERY DAY

OUR PEOPLE

BUILDING A GREAT PLACE FOR GREAT PEOPLE

We focus on attracting the best and brightest people, providing them with the opportunities they need to reach their full potential. We work hard to create a great place to work where performance is recognised and a culture of collaboration and open communication is encouraged.

People Development
Our people's performance is the key to our growth and success and we are committed to their personal and professional development. Apart from developing careers through internal job mobility, we enable our employees to grow and excel, starting from the time they join Maxis.

For instance, our On-Board with Maxis induction programme helps newcomers to get to know Maxis and to adjust to their jobs quickly and smoothly. The three-day programme allows interaction with the Maxis Management Team and includes an introduction to the Company's operations as well as hands-on experience in serving customers at retail and call centres.

Our people also have access to the Maxis Academy, which provides a lively learning environment, supported by the latest technology and rich content derived from our business needs. A wide range of highly-acclaimed and accredited programmes are delivered in-house. Leveraging our people's interdisciplinary backgrounds, these courses are a unique blend of traditional classroom methods with an action-learning approach designed to build and strengthen leadership, decision-making, organisational and people skills.

We have also continued to reinforce the strong leadership qualities of our senior team through training programmes and leadership courses. We have introduced a series of classes to develop managerial skills such as coaching and mentoring while building stronger relationships within the team.

Leadership programme
As the industry continues to evolve rapidly, we need to maintain our position by distinguishing ourselves from our competitors, not only in technology and innovation, but also in our ability to create and retain an agile and diverse talent pool. In doing so, the Accelerated Leadership Programme was designed to build diversified leadership capabilities in high potential managers. Since the launch of the programme, candidates have gone through a rigorous assessment process, using global best practice philosophies and methodologies.

Engagement
It is important to us that our employees are motivated to do their best and proud to be a part of Maxis. We encourage regular and open communication between management and staff through town hall sessions, Quarterly Managers' Communication Sessions as well as monthly Making a Difference (MAD) coffee break sessions.

We have also introduced a "Gift Drop Corner" where our people are able to lend a helping hand to the less fortunate. This has received overwhelming support. We have also injected fun and camaraderie through Maxis Family Day, a treasure hunt in Malacca, and our annual dinner.

Each year, the 'Voice of Maxis' survey provides valuable insights into the views of employees and their levels of engagement with the business. In 2013, this was taken a step further with our "Tell Me" initiative, in which our CEO reached out to all employees via e-mail, urging them to voice their thoughts, opinions and ideas. This received strong response and the feedback was used to address gaps within the organisation.

Close to
2,000
Maxisians participated in at least one classroom-based training, while 1,000 undertook at least one web-based course in 2013.

OUR PEOPLE
Continued

NURTURING YOUNG TALENT

Maxis Scholarship for Excellence Awards (MSEA)

The MSEA offers scholarships for all Malaysians including employees and their children, to further their studies at prestigious local and overseas institutions. Since it was launched in 2005, Maxis has invested RM44.8 million in the programme and awarded scholarships to 244 Malaysians, including 35 in 2013.

The MSEA programme sponsors scholars who take up courses relevant to the telecommunications industry (telecommunication engineering, business support services and content) as well as those that are related to creativity (media studies and journalism).

The Maxis Internship Programme

The Maxis internship programme allows undergraduates to gain on-the-job exposure in the telecommunications industry. Established in 2006, this programme is open to Malaysian students studying locally and overseas.

Annually, Maxis recruits 90 to 120 interns majoring in either engineering, IT, human resources, accounting, finance, psychology, public relations or communications. These students get a useful glimpse into our fast-paced and ever-evolving industry and ultimately provide a potential talent pool for the Maxis Graduate or Maxis Management Associate Programme (M-MAP). An evaluation mechanism provides useful feedback in respect of their potential as graduate employees.

In 2013, we recruited 94 interns who underwent a structured internship programme, in which they were assigned special projects in line with their field of study. They were required to complete a minimum of two e-learning courses, and were encouraged to attend instructor-led courses on the fundamentals of project management and telecommunications.

Maxis Management Associate Programme (M-MAP)

For high-calibre graduates, Maxis has created a programme specifically tailored to nurture and groom able young Malaysians into high-performing leaders.

The M-MAP is designed to give management associates a holistic view of the Maxis business and includes hands-on experience in the four major pillars of development – customer intimacy, technical expertise, operational excellence and business impact. This two-year fast-track programme empowers the associates to make a difference as they become change agents for the organisation.

PAVING THE WAY FOR EXCELLENCE

Refined structure to support growth

In 2013, we refined our organisation to make it more agile and lean. We streamlined our operations into four core areas: Consumer Business, Enterprise, Digital Services and Sales and Service. As part of the exercise, all roles were evaluated to realign employee skill-sets with our business priorities. We refreshed skill-sets and identified new capabilities needed to support our future growth. This allows us to better serve the changing needs of our customers and keeps us on track towards being an organisation admired for excellence. We also offered a Career Transition Scheme to selected employees who were affected by this reorganisation.

The Maxis Way

We recognise the need to embrace both mind-set and behavioural change in order to create a great place to work and position Maxis as a high-performing organisation by 2015. To this end, in the fourth quarter of 2013, we developed a change management framework to create a new Maxis through the Maxis Way.

The Maxis Way defines the way we work together to make Maxis a company that is admired for excellence. Our goal is to deliver unmatched customer experience through touchpoint excellence, providing the best connectivity and the most user-friendly products and services.

We have launched the Maxis Way in February 2014 and rolled out various programmes and activities to:

1. Create awareness of the Maxis Way.

2. Educate our people on the Maxis Way via roadshows and formalised programmes such as Living Maxis Way Workshops, CEO Coffee Chats, team-building sessions / town halls, etc. to accelerate the inculcation of our Maxis values.

3. Reinforce and embed Maxis values in our people so that they put the Maxis Way into practice.

4. Motivate and inspire our people through performance management systems, awards and recognition.

OUR CORPORATE RESPONSIBILITY

WE'RE ALL ABOUT MAKING A DIFFERENCE

At Maxis, we want to continuously deliver on doing good work, and to positively impact the communities in which we operate. Our focus has been on both education and technology, equipping individuals with skills which would enrich their lives. For instance, our flagship corporate responsibility initiative – the Maxis Cyberkids programme – reaches out to underserved, rural and isolated communities, educating students and teachers about basic IT knowledge. We are proud to play a role in empowering their lives, exposing them to the world of technology, developing and honing their skills creatively and effectively.

MAXIS CYBERKIDS PROGRAMME

The Maxis Cyberkids programme in 2013 included:

- Maxis Cyberkids Camps
- ASEAN Cyberkids Camp
- Maxis Cyberkids with Employees' Children

MAXIS CYBERKIDS CAMPS

Since 2002, we have successfully run numerous Maxis Cyberkids camps, opening up the world of technology and the Internet to youth, nationwide. We're proud to say that a decade later, our camps have reached out to some 8,850 students and teachers, as well as to 1,515 schools throughout the country.

Last year, in conjunction with our 10th anniversary, we decided to take the Camps a step further – reaching out to special needs schools for the first time. Our Maxis Cyberkids training module, which was initially geared towards national schools, was tailored and adapted to suit the needs of hearing impaired children and their dedicated teachers. Due to the success of our Maxis Cyberkids programme with special needs schools, we aim to ramp up our efforts in this area in 2014.

NAME OF SCHOOL	TRAINING MODULES
SMK Keningau, Keningau, Sabah SMK Bandar Chiku, Gua Musang, Kelantan SMK Bario, Bario, Sarawak SMK Sri Gading, Batu Pahat, Johor Sekolah Pendidikan Khas (SKPK), Shah Alam, Selangor Sekolah Menengah Pendidikan Khas Vokasional (SMPKV), Shah Alam, Selangor	**Klik Dengan Bijak or "Click Wisely" (a module produced by MCMC)** Discusses Internet safety and social media guidelines for students. **Maxis Cyberkids Portal** A guided tutorial about how to register and use the portal. **Android Applications** Developing and creating Android applications. **Web Applications** Understanding the open source concept and creating applications to benefit one's school. **Video Editing** Creating storyboards and editing videos. **Website Designing** Creating school websites based on pre-built CMS (Content Management System) premium templates.

"During this camp, I have improved my knowledge of ICT. I now understand these applications better and I would like to thank the organisers of the Maxis Cyberkids programme in this remote area. Thank you Maxis Cyberkids!"
~ Petronelly Paul SMK Keningau Sabah.

"I was a little shy at first, but after practicing, I felt very happy without being shy. The instructors were good and cool! I'm happy to participate in this camp and hope Maxis Cyberkids will come again soon."
~ Muhamad Nurfiras Bin Norzaidi SMK Bandar Chiku Kelantan.

"The activities are very exciting and fun, especially when we made the video, but I particularly enjoyed the cooperation and teamwork required."
~ Ivie Ubung Garawat, SMK Bario, Sarawak.

"I feel good being able to learn many things during these three days, such as with Movie Maker, Android applications, and making a video about sign language. I am very grateful to Maxis for teaching us."
~ Siti Noorshazwani bt Mohd Razelan SMK Sri Gading, Batu Pahat, Johor.

OUR
CORPORATE RESPONSIBILITY
Continued

To ensure sustainability of the camps, these schools compete in a "National Challenge" in which students and teachers have the opportunity to showcase what they have learnt. Here are the projects that these schools have created:

NATIONAL CHALLENGE PROJECTS

NAME OF SCHOOL	PROJECT
SMK Keningau, Keningau, Sabah	**Pusat sumber sekolah dalam talian or "Online Library System"** Created via an Android application, this project allows users to search for books available in the school, and provides them the opportunity to loan books via the application.
SMK Bandar Chiku, Gua Musang, Kelantan	**EZ-Nasihat or "EZ-Advice"** The creation of an anonymous, online counselling service for students of the school to share their problems or seek advice from their teachers.
SMK Bario, Bario, Sarawak	**Bario Educational & Heritage Centre** Individuals wishing to know more about Bario can access this offline repository, which showcases information about the village. The data in this digital centre is stored and shared and also made readily available.
SMK Sri Gading, Batu Pahat, Johor	**Projek E-Sarana** A portal that facilitates the communication between the teachers of the school and the parents of the students.
Sekolah Pendidikan Khas (SKPK), Shah Alam, Selangor Sekolah Menengah Pendidikan Khas Vokasional (SMPKV), Shah Alam, Selangor	The special needs schools worked together to form one project. **Projek E-Isyarat** This project showcases the various types of hand gestures used in sign language, therefore enhancing and facilitating communication between the deaf community and the community-at-large.

ASEAN CYBERKIDS CAMP

The Maxis Cyberkids Camps have grown to incorporate countries from around the ASEAN region. Under the directive of MCMC and the Ministry of Communications and Multimedia Malaysia (KKMM), we have leveraged our strength and footprint as the leading communications service provider in Malaysia to bring the power of technology and education to the lives of those within the region. In 2013, we saw 70 participants, comprising 51 teachers and 19 students aged 13 to 17 years, from Brunei, Indonesia, Malaysia, Myanmar, Thailand and Vietnam. These youths were not only taught how to apply ICT to enhance their daily lives – they also bonded and shared their cultural experiences with their peers.

MAXIS CYBERKIDS CAMPS WITH EMPLOYEES' CHILDREN

This year, we have also extended our primary corporate responsibility programme to our own employees. Two camps were conducted this year, which saw the participation of children aged nine to 11. In order to cater to the needs of these participants, the modules taught throughout this initiative were tailored from the Maxis Cyberkids Camps – which entails exploring and learning about Microsoft Office applications and having a general understanding of the Internet. These modules are also interspersed with team-building exercises meant to build confidence, innovation and creativity.

THE MAXIS CYBERKIDS PROGRAMME IN 2014

In 2014, our focus remains on bettering and enriching local communities and truly making a difference. We're looking at ramping up the number of Maxis Cyberkids Camps that we have throughout the year, in addition to adopting a new initiative – Maxis Cyberkids with the Community.

The Maxis Cyberkids with the Community is dedicated to expanding broadband infrastructure and mobile coverage to underserved and rural communities in Malaysia. To ensure sustainability, we will be deploying the Cyberkids programme to these communities, teaching residents various modules, such as how to improve their business through the use of the Internet, and how to maintain and keep track of their daily expenses.

MAXIS SCHOLARSHIPS FOR EXCELLENCE AWARDS (MSEA)

We are the only telco in Malaysia to offer scholarships to our customers and their children. Under the MSEA programme, as many as 244 young Malaysians have benefited from an education at prestigious universities both at home and abroad. Since the programme took off in 2005, Maxis has invested RM44.8 million to enable students to pursue their dreams of obtaining an undergraduate or postgraduate degree.

ENGAGING OUR PEOPLE

Corporate responsibility goes beyond just delivering on these initiatives – it also involves giving our staff the opportunity to be hands-on, having a flavour of what it is that we do. It's also about being a part of a worthy cause.

To date there have been 439 Maxis volunteers, clocking in a total of 7,374 man hours.

HOME ADOPTION

Since 2012, Maxis has adopted two homes – the Independent Learning and Training Centre (ILTC) in Rawang, Selangor and Jenjarom Old Folks' Home in Banting, Selangor – for two years. During this period, we have been working closely with them to see how we can best meet their operational needs, while providing training to develop their social and IT skills.

Some of the initiatives that we had last year include hosting a two-day workshop teaching members of ILTC about basic IT skills at the Maxis Academy in Menara Sunway Annexe, along with a half-day workshop, also about basic IT skills, for senior citizens at Jenjarom Old Folks' Home. Both facilities were also equipped with free wireless broadband for the residents' use.

But it isn't all work and no play – we have also organised festive celebrations such as Chinese New Year, Hari Raya, and Deepavali at each of the homes.

DISASTER RELIEF

Two major and tragic disasters struck this year – Typhoon Haiyan in the Philippines, and the floods in the East coast of Malaysia. Together with MCMC and KKMM, along with the other telcos, a humanitarian fund was created to help these unfortunate victims. Maxis subscribers wishing to donate simply had to text a short code, indicating how much they wished to contribute (in denominations of RM1, RM3, RM5 and RM10) and send it to 13999 via their mobile phones.

We took this a step further by proactively organising an internal donation drive to raise funds for Typhoon Haiyan in the Philippines. Over RM12,000 was raised and channelled through Mercy Malaysia who provided out-patient treatment to victims.

WHAT WE DO FOR THE ENVIRONMENT

Resource Efficiency

We have adopted various energy efficiency solutions at most of our base stations and our Technical Operations Centres, such as solar technology, free cooling systems and energy efficient air-conditioners.

- Total energy usage = 280 GWh
- Target reduction = 9 GWh
- Actual reduction = 14 GWh (155% achieved)

Carbon Management

Our target to reduce direct and indirect carbon dioxide emissions for 2013 was 21,000 tonnes. We have surpassed this with an actual reduction of 26,400 tonnes. This was achieved through various initiatives, such as the modernisation of old Base Transceiver Stations (BTS), while improving our Technical Operations Centres (TOCs). This includes continuously upgrading old airconditioning units to those that are more energy efficient, and retrofitting LED lights to all TOCs.

OPERATING RESPONSIBLY AND ETHICALLY

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

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

WE REDUCED OUR CARBON FOOTPRINT PER BASE STATION BY 13% IN 2013

CORPORATE GOVERNANCE

The Board of Maxis ("the Board") remains committed to upholding high standards of corporate governance throughout the Group. The prescriptions in the Malaysian Code of Corporate Governance 2012 ("the Code") set a strong foundation for boards and committees to carry out their roles effectively, promote timely and balanced disclosure, safeguard the integrity of financial reporting, emphasise the importance of risk management and internal controls and encourage shareholder participation in general meetings.

The Board believes that strong corporate governance underpins Maxis' mission of sustainable, long-term growth of the Group's businesses and is therefore an integral part of our culture. The enhancement and improvement of Maxis' corporate governance standards in accordance with applicable laws and regulations is an on-going exercise.

The Board is pleased to share the manner in which the Principles of the Code have been applied within the Group in respect of the financial year ended 31 December 2013 and the extent to which the Company has complied with the Recommendations of the Code during the financial year ended 31 December 2013.

The Board approved this Statement on 14 March 2014 and believes that the Principles and Recommendations set out in the Code have been fully complied with.

I. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board Charter (which is available on Maxis' corporate website) clearly sets out the role, functions, composition, operation and processes of the Board. All Board members are aware of their duties and responsibilities. The Board Charter acts as a source of reference and primary induction literature for prospective Board members and Management. It is also intended to assist the Board in assessing its collective performance and that of each individual Director.

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

The Board assumes the following duties and responsibilities:

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

The respective roles and responsibilities of the Board and management have been clearly defined. The following matters (including changes to any such matters) require approval from the Board, except where they are expressly delegated by the Board to a Committee, the Chairman, Chief Executive Officer ("CEO") or another nominated member of the Management team:

- approval of corporate/strategic directions/plans and programmes;
- approval of annual budgets, including major capital commitments and capital expenditure budgets;
- approval of new ventures;
- approval of material acquisitions, and disposals of undertakings and properties or any significant Maxis Group expenditure which exceeds the authority limits delegated to the CEO or the Chief Financial and Strategy Officer ("CFSO") or members of Management.
- changes to the management and control structure within the Company and its subsidiaries, including key policies and delegated authority limits;
- appointment of all other Board members, Board Committee members, CEO and the Company Secretary;
- any matters in excess of any discretions that it may have delegated from time to time to the CEO and Management, including in relation to credit transactions, market risk limits and expenditures; and

- any matters and/or transactions that fall within the ambit of the Board pursuant to the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia ("MMLR"), Maxis' Articles of Association ("Articles"), Terms of Reference of the respective Board Committees, Group's Manual of Limits of Authority (such as transactions with value in excess of RM60 million and Long Range Plan) or any other applicable rule.

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

Code of Business Practice

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

The Code of Business Practice is a guide to assist the Group's Directors and all levels of employees in living up to the Group's high ethical business standards, and provides guidance on the way employees should conduct themselves when dealing with other parties doing business with the Group. It also sets out and identifies the appropriate communication and feedback channels which facilitate whistle-blowing. Please refer to the sections on whistle-blowing on pages 57 to 58.

A summary of the Code of Business Practice is available on our website.

Promoting Sustainability

The Board has taken steps to ensure that the Group's strategies continue to promote sustainability, with attention given to environmental, social and governance ("ESG") aspects of the Group's business. To this end, in November 2011, the Board approved Maxis' Corporate Responsibility ("CR") framework which clearly outlines Maxis' CR mission, strategic pillars, philosophies and governance structure for adoption. The CR framework provides a clear guiding principle in implementing CR programmes that are consistent with the Company's strategic goals and facilitates a structured approach in delivering the Company's efforts across the profit, people and planet dimensions. Maxis' CR framework was disclosed in Maxis' inaugural Sustainability Report 2010/2011 as well as its second Sustainability Report. The second report covers the reporting period of July 2011 to December 2012 and follows the Global Reporting Initiative ("GRI") framework, an internationally recognised standard for sustainability reporting. Taking it a step further this year, the report successfully obtained external assurance from SIRIM QAS International Sdn. Bhd. It is available for viewing on our website. Our next report will cover the reporting period of 2013 to 2014.

Board meetings and access to information

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

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

Eight Board meetings were held during the financial year ended 31 December 2013 and details of the attendance of each Director are as follows:

	DIRECTOR	DESIGNATION	NUMBER OF MEETINGS ATTENDED DURING THE YEAR	PERCENTAGE
1	Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	Chairman/Independent Non-Executive Director	8/8	100%
2	Robert William Boyle	Independent Non-Executive Director	8/8	100%
3	Dato' Mokhzani bin Mahathir	Independent Non-Executive Director	8/8	100%

CORPORATE GOVERNANCE

Continued

	DIRECTOR	DESIGNATION	NUMBER OF MEETINGS ATTENDED DURING THE YEAR	PERCENTAGE
4	Asgari bin Mohd Fuad Stephens (retired on 9 May 2013 and there was one Board Meeting held prior to his retirement)	Independent Non-Executive Director	1/1	100%
5	Dr. Fahad Hussain S. Mushayt	Non-Executive Director	5/8	62.5%
6	Krishnan Ravi Kumar	Non-Executive Director	7/8	87.5%
7	Dr. Ibrahim Abdulrahman H. Kadi	Non-Executive Director	7/8	87.5%
8	Augustus Ralph Marshall	Non-Executive Director	7/8	87.5%
9	Chan Chee Beng	Non-Executive Director	8/8	100%
10	Alvin Michael Hew Thai Kheam	Non-Executive Director	7/8	87.5%
11	Sandip Das (resigned on 15 April 2013 and there was one Board Meeting held prior to his resignation)	Chief Executive Officer/ Executive Director	1/1	100%
12	Morten Lundal (appointed on 1 October 2013 and there were 2 Board Meetings held after his appointment)	Chief Executive Officer/ Executive Director	2/2	100%

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

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

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

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

Company Secretary

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

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

The Board may remove the Company Secretary.

II. BOARD STRENGTH AND EFFECTIVENESS

Appointments to the Board

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

Re-election of Directors

In accordance with the Company's Articles, all Directors who are appointed may only hold office until the next following Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM. The Articles also provide that one-third of the Directors, or if their number is not three or a multiple of three, then the number nearest to one-third, are subject to retirement by rotation at every AGM but are eligible for re-election provided always that all Directors including the Managing Director and Executive Directors shall retire from office at least once in every three years. Pursuant to Section 129 of the Companies Act, 1965, the office of a director of or over the age of 70 years becomes vacant at every AGM unless he is reappointed by a resolution passed at such an AGM of which no shorter notice than that required for the AGM has been given and the majority by which such resolution is passed is not less than three-fourths of all members present and voting at such AGM.

Morten Lundal and Hamidah Naziadin, who were appointed as Directors on 1 October 2013 and 1 February 2014 respectively, shall hold office until the forthcoming AGM scheduled to be held on 7 May 2014, and are eligible for re-election pursuant to Article 121 of the Company's Articles, whilst Directors who are due for retirement by rotation and eligible for re-election pursuant to Article 114 of the Company's Articles at the forthcoming AGM are Robert William Boyle, Augustus Ralph Marshall and Chan Chee Beng. Chan Chee Beng however, has given notice that he will not be seeking re-election. Hence, he will retain office until the close of the Fifth Annual General Meeting.

An assessment of the independence of all independent directors including Robert William Boyle and Hamidah Naziadin was undertaken as part of the Board's assessment in 2013 and at the time of appointment respectively. The Nomination Committee and the Board considered the assessment results of the independence of Robert William Boyle and Hamidah Naziadin which was undertaken pursuant to criteria as prescribed by the MMLR and the Code, and are satisfied that they meet the criteria for independence. Robert William Boyle and Hamidah Naziadin were appointed as Directors on 17 September 2009 and 1 February 2014 respectively and both do not exceed the tenure of nine years.

The profiles of the Directors who are due for re-election are set out on pages 22 to 26 of this Annual Report. The Board has considered the assessment of the four Directors standing for re-election and collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors as prescribed by the MMLR.

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

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

Board Diversity Policy

The Board recognises that diversity in its composition is critical in ensuring its effectiveness and good corporate governance. A truly diverse board will include and make use of the variation in the skills, experience, background, race, gender and nationality of its members.

Underpinning the Maxis Board Diversity Policy is Maxis' commitment to ensuring that all Directors are appointed on merit, in line with the standards as set out in Para 2.20A of the MMLR. The Board regularly reviews its composition to improve its diversity including its gender diversity. As part of its commitment to enhance its diversity, including gender diversity, the Board is pleased to report that Hamidah Naziadin had been appointed to the Board on 1 February 2014.

Board Effectiveness Assessment

The NC facilitates and organises the yearly Board Effectiveness Assessment for assessment and evaluation of the Board of Directors, Board Committees and individual Directors. The objective of the exercise is to improve the Board's effectiveness, identify gaps, maximise strengths and address weaknesses of the Board. Self-assessment and peer assessment methodologies are used, and issues put forth for assessment are presented in a customised questionnaire. The Chairman of the Board oversees the overall evaluation process and responses are analysed by the NC, before being constructively tabled and communicated to the Board. In addition, the individual Directors also conducted self-assessments, the results of which were also shared with the Board.

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

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

The individual Directors each undertook self-assessment of their individual performance during the financial year ended 31 December 2013 based on the criteria of character, experience, integrity, competence and time in order to discharge their respective roles as Directors of Maxis Berhad.

Members of the Board Committees

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

AUDIT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE
Robert William Boyle Chairman, Independent Non-Executive Director	**Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda** Chairman, Independent Non-Executive Director	**Dato' Mokhzani bin Mahathir** Chairman, Independent Non-Executive Director
Dato' Mokhzani bin Mahathir Member, Independent Non-Executive Director	**Robert William Boyle** Member, Independent Non-Executive Director	**Robert William Boyle** Member, Independent Non-Executive Director
Hamidah Naziadin Member, Independent Non-Executive Director	**Dato' Mokhzani bin Mahathir** Member, Independent Non-Executive Director	**Hamidah Naziadin** Member, Independent Non-Executive Director
Dr. Fahad Hussain S. Mushayt Member, Non-Executive Director	**Dr. Ibrahim Abdulrahman H. Kadi** Member, Non-Executive Director	**Dr. Fahad Hussain S. Mushayt** Member, Non-Executive Director
Chan Chee Beng Member, Non-Executive Director	**Chan Chee Beng** Member, Non-Executive Director	**Augustus Ralph Marshall** Member, Non-Executive Director

Board Committees

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

Meetings and activities of the Board Committees

Audit Committee

The details of meetings and activities of the AC can be found in the Audit Committee Report on pages 59 to 61 of this Annual Report.

Nomination Committee

- The Committee met three times during the financial year 2013 and all members of the Committee attended all meetings.
- During the financial year 2013, the Committee has undertaken the following activities:
  (i) Reviewed the proposed format of the Self-Assessment of individual Directors;
  (ii) Considered the appointment of new Directors and members of the Committee;
  (iii) Reviewed the composition of the Board and the Board Committees;
  (iv) Annual Assessment of the Independent Directors;
  (v) Considered the timetable, process and methodology and outcome of the assessment of the Board, Directors and Board Committees and Directors' training for 2013.
- During the year, the Company did not engage any external party in respect of the annual review of the Board and/or individual Director or Board Committees.

Remuneration Committee

- During the financial year ended 31 December 2013 the Remuneration Committee ("RC") met three times and all members of the Committee attended the meetings.
- During the year, the Remuneration Committee reviewed its Terms of Reference, proposal and bonus arrangement for the CEO, CEO's recommendations for the bonus and performance of the CXO and also proposal for Long Term Incentive for Top Management.

Employee Share Option Scheme ("ESOS") Committee

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

Allocations to Directors shall be reviewed and recommended by the RC and then approved by the Board as a whole with the relevant individual Director abstaining in respect of his individual allocation and subject to the approval of the shareholders of the Company at a general meeting.

The ESOS Committee consists of the following Directors:

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

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

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

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

The Committee met twice during the financial year ended 31 December 2013 with all members attending both meetings.

In addition, the Committee also met a number of times informally during the financial year ended 31 December 2013. The Committee reviewed and discussed the terms and criteria for the ESOS allocation for eligible employees.

Remuneration of Directors and Senior Management

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

1. Remuneration procedures

The Remuneration Committee recommends to the Board, the policy and framework of the Directors' remuneration and the remuneration package for the Executive Director (who is also the CEO), the CFSO and the Chief Technology Officer ("CTO"). In recommending the Group's remuneration policy, the Remuneration Committee may receive advice from external consultants. It is nevertheless the ultimate responsibility of the Board to approve the remuneration of the Directors, the CEO, CFSO and CTO.

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

2. Directors' Remuneration Package

EXECUTIVE DIRECTOR

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

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

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

NON-EXECUTIVE DIRECTORS

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

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

The aggregate emoluments received by the Directors of the Company during the financial year ended 31 December 2013 and the total Directors' remuneration analysed in the band of RM50,000 are disclosed in the financial statements, as set out on pages 109 to 110 of this Annual Report.

Details of the remuneration for each of the Non-Executive Directors of the Company, including Directors who resigned during the year categorised into appropriate components for the financial year ended 31 December 2013 were as follows:

NAME OF DIRECTORS	FEE (RM)	BENEFIT IN KIND (RM)	TOTAL AMOUNT (RM)
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	462,661	44,866	507,527
Robert William Boyle	370,000	–	370,000
Dato' Mokhzani bin Mahathir	330,000	–	330,000
Asgari bin Mohd Fuad Stephens Note 2	100,108	–	100,108
Krishnan Ravi Kumar	250,000	–	250,000
Dr. Ibrahim Abdulrahman H. Kadi	260,000	–	260,000
Dr Fahad Hussain S. Mushayt	280,000	–	280,000
Augustus Ralph Marshall	260,000	–	260,000
Chan Chee Beng	280,000	22,061	302,061
Alvin Michael Hew Thai Kheam	250,000	–	250,000
Sandip Das (Executive Director) Note 1 and Note 2	–	–	–
Morten Lundal (Executive Director) Note 1 and Note 3	–	–	–

Notes:

(1) The Executive Directors' remuneration can be found on pages 109 to 110 of this Annual Report.

(2) Retired/Resigned during the year 2013.

(3) Appointed during the year 2013.

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

III. BOARD BALANCE AND INDEPENDENCE

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

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

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

As part of the Board's yearly appraisal and self-assessment, the Board is of the view that its size is adequate for the effective discharge of its functions and responsibilities.

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

A brief description of the background of each Director is contained in the "Board of Directors Profiles" section as set out on pages 22 to 26 of this Annual Report.

Division of roles and responsibilities between the Chairman and the CEO

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

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

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

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

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

IV. COMMITMENT OF THE BOARD

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

Training and Development of Directors

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

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

Throughout the financial year under review, regular briefings/updates (some by external advisers) on various subjects such as operational, legal, regulatory, technology and human resources were held at Board, pre-Board and other sessions.

The Directors have also participated in various internally organised programmes to enhance their understanding of specific industry or market issues and trends. Regular dinner talks such as corporate culture, industry, organisational and talent, execution and stakeholder dialogues have been part of the Maxis Board agenda and this will continue into 2014 and beyond with greater intensity. Members of the Management team have been invited to these sessions to foster positive board-management dynamics. Where necessary, the Directors have also participated in various external training programmes which they have collectively or individually considered as useful for them to discharge their responsibilities.

The Board has taken steps to ensure that its members have on-going access to appropriate continuing education programmes.

The Company Secretary facilitates the organisation of internal training programmes and keeps Directors informed of relevant external training programmes. All of the Directors have undergone training during the financial year. All internal and external training programmes attended by Directors are maintained by the Company Secretary. Details of the external conferences/ workshops and internally organised programmes (apart from Board briefings) in which members of the Board have participated during the year 2013 are listed in Annexure 1 of this Statement.

As at the date of the Report, all Directors have attended and completed the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Malaysia. Morten Lundal who was appointed a Director and Chief Executive Officer of the Company on 1 October 2013 has completed his MAP on 15 and 16 January 2014 and Hamidah Naziadin who was appointed on 1 February 2014 has completed her MAP on 5 and 6 March 2014, which is within the prescribed period of four months from the date of their appointment.

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

ACCOUNTABILITY AND AUDIT

1. Financial reporting

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors will endeavour to present a clear, balanced and comprehensive assessment of the Group's financial position, performance and prospects. This also applies to other price-sensitive public reports and reports to regulators. The assessment is provided in this Annual Report through the Directors' Responsibility Statement as set out on page 67 of the Annual Report.

2. Related Party Transaction ("RPT")

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

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

(i) Create RPT Awareness

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

(ii) RPT approval process

All RPTs (irrespective of their values) must be tabled to the AC for review and to the Board for approval.

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

Where transactions are on single source quotation and where benchmarking is not possible, justification by business units must be provided to ensure that the transactions are at arm's length basis, not favourable to the related party and not detrimental to the minority shareholders.

Interests of Directors and conflict of interests are disclosed to the AC and the Board and the interested Directors will abstain from deliberating and voting on the RPT.

The non-interested Directors of the Board will consider the transaction as proposed in the Board paper and if deemed appropriate, approve the RPT upon recommendation by the AC.

In respect of the recurrent related party transactions ("RRPTs") which are within the shareholders' mandate ("Mandate") obtained at the Company's Extraordinary General Meeting, additional review and approval procedures are adopted.

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

(iii) Monitoring Compliance and Reporting

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

(iv) Disclosures in securities and interests

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

Disclosure on the RRPTs for which the Mandate has been obtained together with the breakdown of the aggregate value of the RRPTs which had been conducted during the financial year ended 31 December 2013 is provided on pages 180 to 182 of this Annual Report.

3. Risk Management and Internal Control

The Group's Statement on Risk Management and Internal Control is set out on pages 62 to 66 of this Annual Report.

4. Relationship with Auditors

The statement on roles, duties and responsibilities of the AC in relation to both the internal and external auditors is described in the Audit Committee Report as set out on pages 59 to 61 of this Annual Report.

VI. TIMELY AND HIGH QUALITY DISCLOSURE

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

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

Various contact details are provided on the Company's website to address queries from customers, shareholders and other public.

A dedicated Intranet has also been provided for ease of communication with employees and serves as a reference point for the employees.

VII. RELATIONSHIP WITH SHAREHOLDERS

1. Shareholders and Investor Relations

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

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

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

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

Please also refer to the Investor Relations section on pages 15 to 16 of this Annual Report.

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

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

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

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

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

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

2. Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with all shareholders who are encouraged and given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns. The Board has taken reasonable steps to encourage shareholder participation at general meetings. Shareholders are encouraged to participate in the Question and Answer session on the resolutions being proposed or on the Group's operations in general. Shareholders who are unable to attend are allowed to appoint proxies in accordance with the Company's Articles to attend and vote on their behalf. The Chairman and Board members are in attendance to provide clarification on shareholders' queries. Where appropriate, the Chairman of the Board will endeavour to provide the shareholders with written answers to any significant questions that cannot be readily answered during the AGM. Shareholders are welcome to raise queries by contacting Maxis at any time throughout the year and not only at the AGM.

The Companies Act, 1965 and the Company's Articles require 21 days' notice for the AGM but the Company has gone beyond the prescribed requirement to issue a notice with 28 days' notice period. Notices of the annual general meetings are also advertised in national daily newspapers in English, Bahasa Malaysia, Mandarin and Tamil languages. Each notice of a general meeting, which includes any item of special business, will be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Separate resolutions are proposed for substantially separate issues at the AGM.

A toll-free line has been set up and an email account has also been created to attend to all queries from shareholders pertaining to this Annual Report, including any queries relating to the use of CD-ROM, form of proxy and all other matters relating to the forthcoming AGM. The toll-free number 1800 828 001 and email address agm2014@maxis.com.my will be valid from 9 April 2014 to 8 May 2014 for this purpose.

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

3. Whistle-Blowing

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

CORPORATE GOVERNANCE

Continued

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

(i) Call or SMS to Ethics Hotline number (03-2330 6678 or 017-200 3922);
(ii) Email to ethics@maxis.com.my;
(iii) Send letters/documents to the Ethics Hotline Office c/o Internal Audit Department (Level 21, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia).

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

ANNEXURE 1

COURSES/PROGRAMMES ATTENDED BY THE DIRECTORS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2013

During the financial year 2013, Maxis has organised talks on the following topics for all Directors and senior management:-

COURSE	DATE
Leadership practices for building an agile and sustainable talent pool	25 Feb 2013
Entertainment & Media Outlook 2013/2014	24 Sep 2013
The Future is Here – Engaging the New Malaysian	24 Sep 2013

In addition to the above, some Directors attended the following training during the financial year 2013.

DIRECTOR	COURSE	DATE
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	Leadership Reflection	30 Apr 2013
	Leadership, Health & Wellness	30 Apr 2013
	Resilience, Stability & Inclusive Growth	
	Educators as the Catalyst of Transformation Learning	24 - 26 Aug 2013
	Trust Schools & Visible Learning	28 Sep 2013
	Khazanah Megatrends Forum	30 Sep - 1 Oct 2013
	SME Business Conference	2 Oct 2013
Robert William Boyle	PwC Technical Update	Feb 2013
	Association of Investment Companies Conference	Mar 2013
	PwC Leadership Practices for Talent Pool	May 2013
	KPMG Technical Update	Jun 2013
	Deloitte Investment Manager NED Update	Sep 2013
	Financial Reporting Council Briefing	Oct 2013
	Association of Investment Companies Roundtable Briefing	Nov 2013
	PwC Audit Committee Members Technical Update	Nov 2013
Dr. Ibrahim Abdulrahman H. Kadi	ICT and Broadband in the Arab World	13 Jan 2013
Dr. Fahad Hussain S. Mushayt	TELSA 2013	10 -12 Feb 2013
	Cloud World Telco Forum	15 -17 Apr 2013
	Solving Complex Understanding & Business Problems	18 -19 Jun 2013
Augustus Ralph Marshall	YouTube Opens Up Opportunities And Possibilities	30 May 2013
Chan Chee Beng	Ship Valuation	21 May 2013
	Oil Field Reserve Profile	21 May 2013
	Introduction to Master Limited Partnership	21 May 2013

AUDIT COMMITTEE
REPORT
AS AT 31 DECEMBER 2013

The Board of Maxis is pleased to present the Audit Committee Report for the financial year ended 31 December 2013.

MEMBERS AND MEETINGS

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

All members of the Committee are financially literate and are able to read, analyse, interpret and understand financial statements in order to effectively discharge their duties and responsibilities as members of the Committee. Three of the members (Robert William Boyle, Chan Chee Beng and Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda) are Fellows of the Institute of Chartered Accountants in England and Wales. Raja Tan Sri Dato' Seri Arshad is also a member of the Malaysian Institute of Accountants. These meet the requirement prescribed under the MMLR which stipulates that an Audit Committee must comprise at least one qualified accountant as its member.

Details of the Committee members and the attendance of each member at Committee meetings held during the financial year ended 31 December 2013 are set out below:

NAME	STATUS	INDEPENDENT	MEETINGS ATTENDED
Robert William Boyle, Chairman of the Committee *(Appointed as Chairman on 16.10.09)*	Non-Executive Director	Yes	5 out of 5
Dato' Mokhzani bin Mahathir *(Appointed as Member on 16.10.09)*	Non-Executive Director	Yes	5 out of 5
Asgari bin Mohd Fuad Stephens *(Ceased as Member on 09.05.13)*	Non-Executive Director	Yes	2 out of 2
Dr. Fahad Hussain S. Mushayt *(Appointed as Member on 16.10.09)*	Non-Executive Director	No	2 out of 5
Chan Chee Beng *(Appointed as Member on 16.10.09)*	Non-Executive Director	No	5 out of 5
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda* *(Appointed as Member on 30.07.13)*	Non-Executive Director	Yes	3 out of 3

* Ms. Hamidah Naziadin was appointed as a member of Audit Committee in place of Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda (who has ceased to be a member of the Audit Committee), with effect from 1 February 2014.

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

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

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

SUMMARY OF ACTIVITIES OF THE COMMITTEE

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

Risk Management and Internal Control

- Reviewed with Management, the half-yearly status reports on Enterprise Risk Management including risk profile and key risks of the Group;
- Reviewed the progress of the risk management function in its on-going identification and monitoring of key risks and the controls implemented by the respective departments in managing these risks;

AUDIT COMMITTEE
REPORT
AS AT 31 DECEMBER 2013

Continued

- Evaluated the overall adequacy and effectiveness of the system of internal controls including information technology and network controls, the Group's financial, auditing and accounting organisations and personnel and the Group's policies and compliance procedures with respect to business practices, through a review of the results of work performed by internal and external auditors and discussions with key Senior Management;
- Reviewed with Management, the half-yearly status report on revenue assurance and subscriber fraud management;
- Reviewed with Management, the half-yearly status report on business continuity plan;
- Reviewed with Management, the annual report on system and information security; and
- Reviewed the Employee Code of Business Practice, Vendor Code of Business Practice, the Whistle-Blowing policy and the outcome of any defalcation cases investigated.

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

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

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

Employee Share Option Scheme
- Verified the allocation of share options to be in compliance with the criteria disclosed to the employees of the Group and established pursuant to the Employee Share Option Scheme for the financial year.

Others

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

TRAINING

The training attended by the Committee members during the financial year is reported under the Statement on Corporate Governance on page 58.

INTERNAL AUDIT FUNCTION

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

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

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

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

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

The total costs incurred for the internal audit function for the financial year ended 31 December 2013 amounted to RM4.8 million (2012: RM5.1 million), which included the cost of co-sourcing activities amounting to RM0 (2012: RM15,900).

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

TERMS OF REFERENCE OF THE COMMITTEE

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board affirms its overall responsibility for the Group's system of internal control and risk management and for reviewing the adequacy and effectiveness of the system. The Board is pleased to share the main features of the Group's risk management and internal control system in respect of the financial year ended 31 December 2013.

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

BOARD RESPONSIBILITY

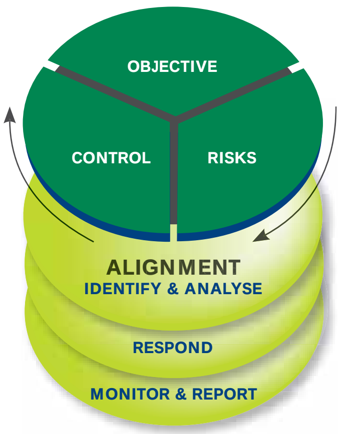
The Board of Maxis, in discharging its responsibilities, is fully committed to articulating, implementing and reviewing a sound risk management and internal control environment. The Board is responsible for determining the Group's level of risk tolerance and in conjunction with Management, to actively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

RISK MANAGEMENT

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

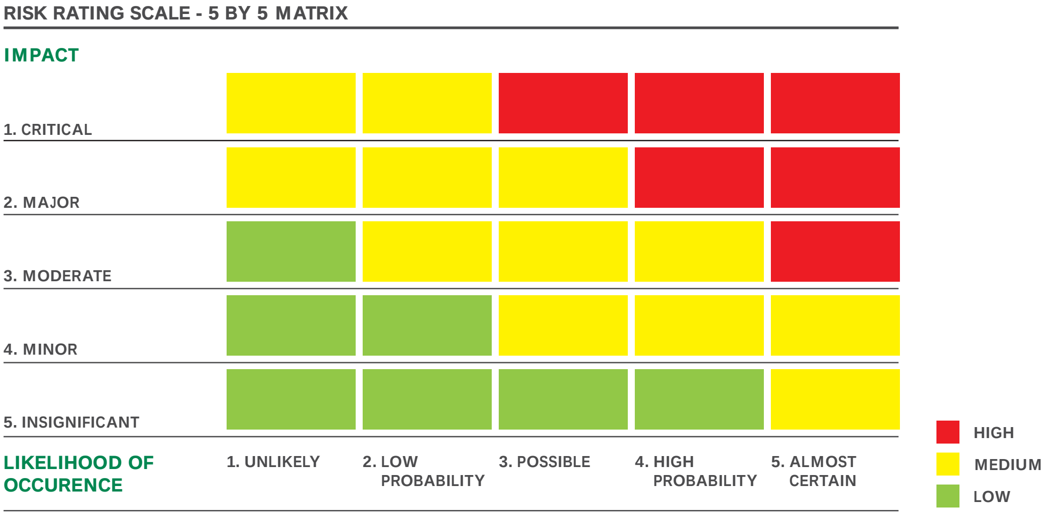
The Maxis ERM framework is consistent with the ERM framework of the Committee of Sponsoring Organisations ("COSO") and involves systematically identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. This framework helps to reduce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

MAXIS' ENTERPRISE RISK MANAGEMENT FRAMEWORK



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

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



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

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

CONTROL ENVIRONMENT AND STRUCTURE

The Board and Management have established numerous processes for identifying, evaluating and managing the significant risks faced by the Group. These include periodic testing of the effectiveness and efficiency of the internal control procedures and updating the system of internal controls when there are changes to the business environment or regulatory guidelines. These processes have been in place for the financial year ended 31 December 2013 and up to the date of approval of this Statement on Risk Management and Internal Control for inclusion in the Annual Report.

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

1. **Organisation Structure**
   The business of the Group is managed by the Board which provides direction and oversight to the Group and Management. To support the Board's functions, the Board is supported by a number of established Board committees, namely the Audit, Nomination, Remuneration and Employee Share Option Scheme Committees, and ad hoc committees formed from time to time. Each Committee has clearly defined terms of reference and responsibilities, and activities of each Committee are reported back to the Board. Responsibility for implementing the Group's strategies, operations and day-to-day businesses, including implementing the system of risk management and internal control, is delegated to the CEO and Management. The organisation structure sets out a clear segregation of roles and responsibilities, lines of accountability and limits of authority to ensure effective and independent stewardship.

2. **Audit Committee**
   The Audit Committee comprises only non-executive members of the Board, the majority of whom are Independent Directors. The current Audit Committee comprises members who bring with them a wealth of knowledge, expertise and experience from different industries and backgrounds. The Audit Committee reviews the Group's financial reporting process, the system of internal controls and management of enterprise risk, the audit process and the Group's process for monitoring compliance with laws and regulations and its own code of business conduct, as well as such other matters, which may be specifically delegated to the Committee by the Board, from time to time. Throughout the financial year, Audit Committee members are briefed on corporate governance practices, updates to Malaysian Financial Reporting Standards, as well as legal and regulatory requirements in addition to key matters affecting the financial statements of the Group.

2. Audit Committee (continued)

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

The Audit Committee continues to meet regularly and has full and unimpeded access to the internal and external auditors and all employees of the Group. The Chairman of the Audit Committee provides the Board with reports on all meetings of the Audit Committee. Further details of the activities undertaken by the Audit Committee are set out in the Audit Committee Report on pages 59 to 61.

3. Internal Audit

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

The Internal Audit function meets the requirements of the latest International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors Inc. Further activities of the Internal Audit function are set out in the Audit Committee Report on pages 59 to 61.

4. Code of Business Practice

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

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

5. Revenue Assurance

The Revenue Assurance department is responsible for the continuous monitoring of potential revenue leakage that may arise from day-to-day operations. Processes and controls within the revenue cycle are reviewed on a rotational basis to ensure they function effectively and efficiently. This includes performance and examination of regular test calls, reconciliations of chargeable transactions from network and IT systems to the billing systems and independent rating of key services via automated tools. These findings and corresponding actions taken are reported to the Management on a quarterly basis. Key issues on identified revenue leakages and mitigation action taken are reported to the Audit Committee on a half-yearly basis. The Revenue Assurance department meets key stakeholders on an ongoing basis to address key revenue assurance issues and drive revenue assurance initiatives across the Group.

6. Subscriber Fraud Management

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

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

8. **Regulatory**
The Regulatory function ensures compliance with the Communications and Multimedia Act 1998 ("CMA"), and its applicable rules and regulations, which governs the Group's core business in the communications and multimedia sector in Malaysia. As a licensee under the CMA, the Group adheres to its licensing conditions, as well as economic, technical, social and consumer protection regulations embedded in the CMA and its subsidiary legislation. The Group actively participates in new regulatory and industry development consultations initiated by the regulator, MCMC.

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

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

10. **Company Secretary**
Please refer to Statement on Corporate Governance on pages 46 to 58 of this Annual Report.

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

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

13. **Financial and Operational Information**
A detailed budgeting and reporting process has been established. Comprehensive budgets are prepared by the operating units and presented to the Board before the commencement of a new financial year. Upon approval of the budget, the Group's performance is tracked and measured against the approved budget on a monthly basis. Reporting systems which highlight significant variances against plan are in place to track and monitor performance. These variances in financial as well as operational performance indices are incorporated in detail in the monthly management reports. On a quarterly basis, the results are reviewed by the Board to enable the Directors to gauge the Group's overall performance compared to the approved budgets and prior periods.

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

14. Systems and Information Security (continued)

Apart from the internal security compliance programmes, SIS is also required to maintain and assist in the compliance of the following regulatory and industry security programmes, namely: MS/ISO27001:2005, Payment Card Industry/Data Security Standard, and the Personal Data Protection Act 2010.

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

MONITORING AND REVIEW

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

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

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

3. **The Defalcation Committee** meets and deals regularly on matters pertaining to fraud and unethical practices. All issues arising from work carried out by the investigation team within the Internal Audit department and Management are channelled to this committee for deliberation. Appropriate actions are then taken based on the findings.

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

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

CONCLUSION

For the financial year under review and up to the date of issuance of the financial statements, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal control to safeguard the interest of shareholders. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's system of internal control that would require separate disclosure in the Group's Annual Report. The CEO and CFSO have provided assurance to the Board that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

DIRECTORS' RESPONSIBILITY
STATEMENT

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

The Directors are responsible for ensuring that the financial statements provide a true and fair view of the financial position of the Group and the Company as at 31 December 2013 and of their financial performance and cash flows for the financial year ended 31 December 2013.

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

In undertaking the responsibility placed upon them by law, the Directors have relied upon the Group's system of internal control to provide them with reasonable grounds to believe that the Group's accounting records, as well as other relevant records, have been maintained by the Group in a manner that enables them to sufficiently explain the transactions and financial position of the Group and the Company. This also enables the Directors to ensure that true and fair financial statements and documents required by the Act to be attached, are prepared for the financial year to which these financial statements relate.

Incorporated on pages 74 to 168 of this Annual Report are the financial statements of the Group and the Company for the financial year ended 31 December 2013.

DIRECTORS' REPORT

The Directors hereby submit their Report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, whilst the principal activities of the Group, comprising the Company and its subsidiaries, are the provision of mobile, fixed line and international gateway telecommunications services as well as Internet and broadband services, and corporate support functions for the Group. Details of the principal activities of the subsidiaries are shown in Note 18 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the financial year attributable to:		
- equity holders of the Company	1,765,462	1,768,151
- non-controlling interest	6,793	–
Profit for the financial year	1,772,255	1,768,151

DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 December 2012:	
(a) Fourth interim single-tier tax-exempt dividend of 8.0 sen per ordinary share on 7,500,654,500 ordinary shares of RM0.10 each, paid on 29 March 2013	600,052
(b) Final single-tier tax-exempt dividend of 8.0 sen per ordinary share on 7,500,698,600 ordinary shares of RM0.10 each, paid on 31 May 2013	600,056
	1,200,108
In respect of the financial year ended 31 December 2013:	
(a) First interim single-tier tax-exempt dividend of 8.0 sen per ordinary share on 7,500,732,700 ordinary shares of RM0.10 each, paid on 28 June 2013	600,059
(b) Second interim single-tier tax-exempt dividend of 8.0 sen per ordinary share on 7,502,604,200 ordinary shares of RM0.10 each, paid on 3 October 2013	600,208
(c) Third interim single-tier tax-exempt dividend of 8.0 sen per ordinary share on 7,503,318,300 ordinary shares of RM0.10 each, paid on 27 December 2013	600,265
	1,800,532

DIVIDENDS (CONTINUED)

Subsequent to the financial year, on 11 February 2014, the Directors declared a fourth interim single-tier tax-exempt dividend of 8.0 sen per ordinary share in respect of the financial year ended 31 December 2013 which will be paid on 8 April 2014. The financial statements for the financial year ended 31 December 2013 do not reflect these dividends. Upon declaration, the cash dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2014.

The Directors recommend the payment of a final single-tier tax-exempt dividend of 8.0 sen per ordinary share in respect of the financial year ended 31 December 2013, which is subject to shareholders' approval at the forthcoming Annual General Meeting, and will be paid on a date to be determined.

RESERVES AND PROVISIONS

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

SHARE CAPITAL

During the financial year, the issued and paid-up share capital of the Company was increased from 7,500,572,900 ordinary shares of RM0.10 each to 7,503,454,800 ordinary shares of RM0.10 each by the issuance of 2,881,900 new ordinary shares for cash pursuant to the exercise of share options under the Employee Share Option Scheme ("ESOS"). The detail of the new ordinary shares issued during the financial year is as follows:

EXERCISE PRICE PER SHARE	NUMBER OF ISSUED AND PAID-UP ORDINARY SHARES OF RM0.10 EACH
RM5.45	1,930,000
RM6.41	931,500
RM6.78	20,400
	2,881,900

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

EMPLOYEE SHARE OPTION SCHEME

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

DIRECTORS' REPORT

Continued

EMPLOYEE SHARE OPTION SCHEME (CONTINUED)

An ESOS Committee comprising Directors of the Company has been set up to administer the ESOS. The ESOS Committee may from time to time offer share options to eligible employees and eligible directors of the Group and of the Company to subscribe for new ordinary shares of RM0.10 each in the Company.

Details of the ESOS are disclosed in Note 31(b) to the financial statements.

During the financial year, the following allocations were made by the Company in relation to its ESOS:

SHARE OPTIONS	QUANTITY '000
Total outstanding as at 1 January 2013	29,899
Total granted	13,559
Total exercised	(2,882)
Total forfeited/lapsed	(1,988)
Total outstanding as at 31 December 2013	38,588

The Company was granted an exemption by the Companies Commission of Malaysia on 21 January 2014 from having to disclose in this Report the names of employees who have been granted share options in aggregate of less than 100,200 share options during the financial year.

The employees who have been granted share options in aggregate of 100,200 or more than 100,200 share options during the financial year are as follows:

NAME	AS AT 1.1.2013	GRANTED	EXERCISED	FORFEITED	AS AT 31.12.2013
Azmi Haji Ujang	433,400	125,100	–	–	558,500[(1)]
Chow Chee Yan	368,900	240,000	(64,500)	–	544,400
Kala Kularajah Sundram	340,000	240,000	–	–	580,000[(2)]
Lai Choon Foong	246,800	100,200	–	–	347,000
Lee Chuan Yew	91,900	100,200	–	–	192,100
Lim Chooi Kuan	240,000	125,100	–	–	365,100[(3)]
Mariam Bevi Binti P. Dawood Batcha	200,000	100,200	(33,400)	–	266,800
Mohamed Fitri bin Abdullah	540,000	240,000	(300,000)	–	480,000[(3)]
Tan Lay Han	150,300	100,200	–	–	250,500
T Kugan A/L K Thirunavakarasu	191,300	100,200	–	–	291,500
Suren Jeevaka Amarasekera	200,000	200,000	–	–	400,000[(1)]
Yap Chee Sun	141,900	100,200	–	(164,200)	77,900[(4)]

Notes:
(1) Lapse on 31 December 2015.
(2) Lapse on 30 August 2015.
(3) Lapse on 31 July 2015.
(4) Lapse on 31 March 2014.

EMPLOYEE SHARE OPTION SCHEME (CONTINUED)

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

	AGGREGATE MAXIMUM ALLOCATION		ACTUAL ALLOCATION[1]	
	SINCE 17.9.2009	FINANCIAL YEAR 31.12.2013	SINCE 17.9.2009	FINANCIAL YEAR 31.12.2013
Key management personnel	50%	50%	15.5%	13.8%

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

DIRECTORS

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

Non-Executive Directors

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda
Robert William Boyle
Dato' Mokhzani bin Mahathir
Dr. Fahad Hussain S. Mushayt
Augustus Ralph Marshall
Chan Chee Beng
Alvin Michael Hew Thai Kheam
Dr. Ibrahim Abdulrahman H. Kadi
Krishnan Ravi Kumar
Hamidah Naziadin (appointed with effect from 1 February 2014)
Asgari bin Mohd Fuad Stephens (retired with effect from 9 May 2013)

Executive Directors

Morten Lundal (appointed with effect from 1 October 2013)
Sandip Das (resigned with effect from 15 April 2013)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from a share-based incentive arrangement (which arrangement has not been effected).

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

DIRECTORS' REPORT

Continued

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH IN THE COMPANY			
	AS AT 1.1.2013	BOUGHT	SOLD	AS AT 31.12.2013
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	750,000[(1)]	–	–	750,000[(1)]
Robert William Boyle	100,000[(2)]	–	–	100,000
Dato' Mokhzani bin Mahathir	751,000[(3)]	–	–	751,000[(3)]
Augustus Ralph Marshall	750,000[(1)]	–	–	750,000[(1)]
Chan Chee Beng	750,000	–	–	750,000[(1)]

Notes:

(1) Held through a nominee, namely CIMSEC Nominees (Tempatan) Sdn. Bhd.

(2) Held through a nominee, namely CIMSEC Nominees (Asing) Sdn. Bhd.

(3) Includes deemed interest in 1,000 shares in the Company held by spouse pursuant to Section 134(12)(c) of the Companies Act, 1965

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

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

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this Report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for impairment in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

No contingent or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

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

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

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

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

In the opinion of the Directors:

(a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for Career Transition Scheme costs of RM143,267,000, impairment of property, plant and equipment of RM81,971,000 and provision for contract obligations of RM64,820,000 as disclosed in Notes 10, 15 and 28 to the financial statements respectively; and

(b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this Report is made.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 11 February 2014.

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

MORTEN LUNDAL
DIRECTOR

Kuala Lumpur

STATEMENTS OF
PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Revenue	6	**9,084,452**	8,966,828	**2,079,000**	2,606,000
Interconnect expenses, Universal Service Provision contributions and other direct cost of sales		**(3,089,268)**	(3,005,841)	**–**	–
Gross profit		**5,995,184**	5,960,987	**2,079,000**	2,606,000
Other income		**62,456**	36,273	**2**	3
Administrative expenses		**(1,900,483)**	(1,754,685)	**(16,825)**	(15,650)
Network operation costs		**(1,186,066)**	(1,310,835)	**–**	–
Other expenses		**(145,901)**	(67,574)	**(5,215)**	(5,685)
Profit from operations	7	**2,825,190**	2,864,166	**2,056,962**	2,584,668
Finance income	11(a)	**29,361**	51,057	**66,729**	88,506
Finance costs	11(b)	**(358,076)**	(338,663)	**(354,398)**	(333,966)
Profit before tax		**2,496,475**	2,576,560	**1,769,293**	2,339,208
Tax expenses	12	**(724,220)**	(716,041)	**(1,142)**	(1,556)
Profit for the financial year		**1,772,255**	1,860,519	**1,768,151**	2,337,652
Attributable to:					
- equity holders of the Company		**1,765,462**	1,856,299		
- non-controlling interest		**6,793**	4,220		
		1,772,255	1,860,519		
Earnings per share for profit attributable to the equity holders of the Company:					
- basic (sen)	13(a)	**23.53**	24.75		
- diluted (sen)	13(b)	**23.53**	24.74		

The notes on pages 84 to 167 form part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Profit for the financial year		**1,772,255**	1,860,519	**1,768,151**	2,337,652
Other comprehensive income[1]					
Items that will be reclassified subsequently to profit or loss:					
- currency translation differences	32(c)	**(29)**	(35)	**–**	–
- net change in cash flow hedge	32(c)	**166,944**	102,969	**166,944**	102,969
Other comprehensive income for the financial year		**166,915**	102,934	**166,944**	102,969
Total comprehensive income for the financial year		**1,939,170**	1,963,453	**1,935,095**	2,440,621
Attributable to:					
- equity holders of the Company		**1,932,377**	1,959,233		
- non-controlling interest		**6,793**	4,220		
		1,939,170	1,963,453		

Note:
[1] There is no income tax attributable to the components of other comprehensive income.

The notes on pages 84 to 167 form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	15	**4,038,431**	4,458,886	**–**	–
Intangible assets	16	**11,166,578**	11,152,002	**–**	–
Investments in subsidiaries	17	**–**	–	**35,019,383**	35,015,724
Loans to subsidiaries	17	**–**	–	**1,205,703**	1,325,916
Available-for-sale investment	20	**50**	50	**–**	–
Derivative financial instruments	21	**144,750**	28,196	**144,750**	28,196
Deferred tax assets	22	**127,618**	121,003	**–**	–
TOTAL NON-CURRENT ASSETS		**15,477,427**	15,760,137	**36,369,836**	36,369,836
CURRENT ASSETS					
Inventories	23	**70,433**	117,830	**–**	–
Receivables, deposits and prepayments	24	**946,720**	922,284	**448**	763
Amounts due from subsidiaries	17	**–**	–	**124**	52
Amount due from a fellow subsidiary	25	**–**	1,674	**–**	–
Amount due from penultimate holding company	25	**302**	446	**36**	1
Amounts due from related parties	26	**23,519**	12,929	**–**	–
Loan to a subsidiary	17	**–**	–	**150,000**	–
Dividend receivable		**–**	–	**–**	25,000
Tax recoverable		**3,238**	19,381	**238**	–
Cash and cash equivalents	27	**807,946**	967,498	**160,639**	469,800
TOTAL CURRENT ASSETS		**1,852,158**	2,042,042	**311,485**	495,616
TOTAL ASSETS		**17,329,585**	17,802,179	**36,681,321**	36,865,452

The notes on pages 84 to 167 form part of these financial statements.

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
LESS: CURRENT LIABILITIES					
Provisions for liabilities and charges	28	**135,473**	72,081	**–**	–
Payables and accruals	29	**2,433,751**	2,633,339	**2,543**	866
Amounts due to subsidiaries	17	**–**	–	**2,616**	1,101
Amounts due to fellow subsidiaries	25	**3,648**	29	**–**	–
Amounts due to related parties	26	**23,225**	25,928	**–**	–
Loans from a subsidiary	17	**–**	–	**400,000**	–
Borrowings	30	**910,103**	2,061	**903,946**	–
Derivative financial instruments	21	**83,609**	–	**83,609**	–
Taxation		**70,635**	34,715	**–**	276
TOTAL CURRENT LIABILITIES		**3,660,444**	2,768,153	**1,392,714**	2,243
NET CURRENT (LIABILITIES)/ASSETS		**(1,808,286)**	(726,111)	**(1,081,229)**	493,373
NON-CURRENT LIABILITIES					
Provisions for liabilities and charges	28	**109,554**	102,321	**–**	–
Payables and accruals	29	**371,620**	118,287	**–**	–
Loan from a related party	26	**28,875**	38,188	**–**	–
Borrowings	30	**6,613,172**	6,771,819	**6,601,377**	6,766,898
Derivative financial instruments	21	**33,519**	398,036	**33,519**	398,036
Deferred tax liabilities	22	**495,585**	548,070	**–**	–
TOTAL NON-CURRENT LIABILITIES		**7,652,325**	7,976,721	**6,634,896**	7,164,934
NET ASSETS		**6,016,816**	7,057,305	**28,653,711**	29,698,275
EQUITY					
Share capital	31	**750,345**	750,057	**750,345**	750,057
Reserves	32	**5,251,491**	6,299,061	**27,903,366**	28,948,218
Equity attributable to equity holders of the Company		**6,001,836**	7,049,118	**28,653,711**	29,698,275
Non-controlling interest		**14,980**	8,187	**–**	–
TOTAL EQUITY		**6,016,816**	7,057,305	**28,653,711**	29,698,275

The notes on pages 84 to 167 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY									
		ISSUED AND FULLY PAID ORDINARY SHARES OF RM0.10 EACH									
GROUP	NOTE	NUMBER OF SHARES '000	NOMINAL VALUE RM'000	SHARE PREMIUM RM'000	MERGER RELIEF (NOTE 32(a)) RM'000	RESERVE ARISING FROM REVERSE ACQUISITION (NOTE 32(b)) RM'000	OTHER RESERVES (NOTE 32(c)) RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000	NON-CONTROL-LING INTEREST RM'000	TOTAL EQUITY RM'000
As at 1 January 2013		7,500,573	750,057	3,199	28,989,000	(22,728,901)	(49,662)	85,425	7,049,118	8,187	7,057,305
Profit for the financial year		–	–	–	–	–	–	1,765,462	1,765,462	6,793	1,772,255
Other comprehensive income for the financial year		–	–	–	–	–	166,915	–	166,915	–	166,915
Total comprehensive income for the financial year		–	–	–	–	–	166,915	1,765,462	1,932,377	6,793	1,939,170
Dividends for the financial year ended 2012:	14										
- fourth interim ordinary		–	–	–	(336,000)	–	–	(264,052)	(600,052)	–	(600,052)
- final ordinary		–	–	–	(210,000)	–	–	(390,056)	(600,056)	–	(600,056)
Dividends for the financial year ended 2013:	14										
- first interim ordinary		–	–	–	(380,000)	–	–	(220,059)	(600,059)	–	(600,059)
- second interim ordinary		–	–	–	(225,000)	–	–	(375,208)	(600,208)	–	(600,208)
- third interim ordinary		–	–	–	(80,000)	–	–	(520,265)	(600,265)	–	(600,265)
Employee Share Option Scheme ("ESOS"):											
- share options granted	31(b)	–	–	–	–	–	4,353	–	4,353	–	4,353
- shares issued		2,882	288	17,034	–	–	(694)	–	16,628	–	16,628
- share options lapsed		–	–	–	–	–	(8)	8	–	–	–
Total transactions with owners, recognised directly in equity		2,882	288	17,034	(1,231,000)	–	3,651	(1,769,632)	(2,979,659)	–	(2,979,659)
As at 31 December 2013		7,503,455	750,345	20,233	27,758,000	(22,728,901)	120,904	81,255	6,001,836	14,980	6,016,816

The notes on pages 84 to 167 form part of these financial statements.

GROUP	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY — ISSUED AND FULLY PAID ORDINARY SHARES OF RM0.10 EACH — NUMBER OF SHARES '000	NOMINAL VALUE RM'000	SHARE PREMIUM RM'000	MERGER RELIEF (NOTE 32(a)) RM'000	RESERVE ARISING FROM REVERSE ACQUISITION (NOTE 32(b)) RM'000	OTHER RESERVES (NOTE 32(c)) RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000	NON-CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
As at 1 January 2012		7,500,000	750,000	–	29,629,000	(22,728,901)	(154,892)	589,210	8,084,417	3,967	8,088,384
Profit for the financial year		–	–	–	–	–	–	1,856,299	1,856,299	4,220	1,860,519
Other comprehensive income for the financial year		–	–	–	–	–	102,934	–	102,934	–	102,934
Total comprehensive income for the financial year		–	–	–	–	–	102,934	1,856,299	1,959,233	4,220	1,963,453
Dividends for the financial year ended 2011:	14										
- fourth interim ordinary		–	–	–	–	–	–	(600,000)	(600,000)	–	(600,000)
- final ordinary		–	–	–	(400,000)	–	–	(200,000)	(600,000)	–	(600,000)
Dividends for the financial year ended 2012:	14										
- first interim ordinary		–	–	–	–	–	–	(600,000)	(600,000)	–	(600,000)
- second interim ordinary		–	–	–	(200,000)	–	–	(400,038)	(600,038)	–	(600,038)
- third interim ordinary		–	–	–	(40,000)	–	–	(560,046)	(600,046)	–	(600,046)
ESOS:											
- share options granted	31(b)	–	–	–	–	–	2,427	–	2,427	–	2,427
- shares issued		573	57	3,199	–	–	(131)	–	3,125	–	3,125
Total transactions with owners, recognised directly in equity		573	57	3,199	(640,000)	–	2,296	(2,360,084)	(2,994,532)	–	(2,994,532)
As at 31 December 2012		7,500,573	750,057	3,199	28,989,000	(22,728,901)	(49,662)	85,425	7,049,118	8,187	7,057,305

The notes on pages 84 to 167 form part of these financial statements.

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Continued

COMPANY	NOTE	ISSUED AND FULLY PAID ORDINARY SHARES OF RM0.10 EACH NUMBER OF SHARES '000	ISSUED AND FULLY PAID ORDINARY SHARES OF RM0.10 EACH NOMINAL VALUE RM'000	NON-DISTRIBUTABLE SHARE PREMIUM RM'000	NON-DISTRIBUTABLE OTHER RESERVES (NOTE 32(c)) RM'000	DISTRIBUTABLE MERGER RELIEF (NOTE 32(a)) RM'000	DISTRIBUTABLE RETAINED EARNINGS RM'000	TOTAL EQUITY RM'000
As at 1 January 2013		7,500,573	750,057	3,199	(49,642)	28,989,000	5,661	29,698,275
Profit for the financial year		–	–	–	–	–	1,768,151	1,768,151
Other comprehensive income for the financial year		–	–	–	166,944	–	–	166,944
Total comprehensive income for the financial year		–	–	–	166,944	–	1,768,151	1,935,095
Dividends for the financial year ended 2012:	14							
- fourth interim ordinary		–	–	–	–	(336,000)	(264,052)	(600,052)
- final ordinary		–	–	–	–	(210,000)	(390,056)	(600,056)
Dividends for the financial year ended 2013:	14							
- first interim ordinary		–	–	–	–	(380,000)	(220,059)	(600,059)
- second interim ordinary		–	–	–	–	(225,000)	(375,208)	(600,208)
- third interim ordinary		–	–	–	–	(80,000)	(520,265)	(600,265)
ESOS:								
- share options granted	31(b)	–	–	–	4,353	–	–	4,353
- shares issued		2,882	288	17,034	(694)	–	–	16,628
- share options lapsed		–	–	–	(8)	–	8	–
Total transactions with owners, recognised directly in equity		2,882	288	17,034	3,651	(1,231,000)	(1,769,632)	(2,979,659)
As at 31 December 2013		7,503,455	750,345	20,233	120,953	27,758,000	4,180	28,653,711

The notes on pages 84 to 167 form part of these financial statements.

COMPANY	NOTE	ISSUED AND FULLY PAID ORDINARY SHARES OF RM0.10 EACH		NON-DISTRIBUTABLE		DISTRIBUTABLE		
		NUMBER OF SHARES '000	NOMINAL VALUE RM'000	SHARE PREMIUM RM'000	OTHER RESERVES (NOTE 32(c)) RM'000	MERGER RELIEF (NOTE 32(a)) RM'000	RETAINED EARNINGS RM'000	TOTAL EQUITY RM'000
As at 1 January 2012		7,500,000	750,000	–	(154,907)	29,629,000	28,093	30,252,186
Profit for the financial year		–	–	–	–	–	2,337,652	2,337,652
Other comprehensive income for the financial year		–	–	–	102,969	–	–	102,969
Total comprehensive income for the financial year		–	–	–	102,969	–	2,337,652	2,440,621
Dividends for the financial year ended 2011:	14							
- fourth interim ordinary		–	–	–	–	–	(600,000)	(600,000)
- final ordinary		–	–	–	–	(400,000)	(200,000)	(600,000)
Dividends for the financial year ended 2012:	14							
- first interim ordinary		–	–	–	–	–	(600,000)	(600,000)
- second interim ordinary		–	–	–	–	(200,000)	(400,038)	(600,038)
- third interim ordinary		–	–	–	–	(40,000)	(560,046)	(600,046)
ESOS:								
- share options granted	31(b)	–	–	–	2,427	–	–	2,427
- shares issued		573	57	3,199	(131)	–	–	3,125
Total transactions with owners, recognised directly in equity		573	57	3,199	2,296	(640,000)	(2,360,084)	(2,994,532)
As at 31 December 2012		7,500,573	750,057	3,199	(49,642)	28,989,000	5,661	29,698,275

The notes on pages 84 to 167 form part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the financial year		**1,772,255**	1,860,519	**1,768,151**	2,337,652
Adjustments for:					
Allowance for:					
- impairment of property, plant and equipment		**81,971**	–	**–**	–
- impairment of receivables, deposits and prepayments		**109,331**	117,149	**–**	–
- inventories obsolescence		**20,276**	9,812	**–**	–
Amortisation of intangible assets		**265,163**	180,030	**–**	–
Bad debts recovered		**(18,045)**	(17,030)	**–**	–
Depreciation of property, plant and equipment		**1,101,287**	1,182,586	**–**	–
Dividend income		**–**	–	**(2,079,000)**	(2,606,000)
ESOS expense		**4,353**	2,427	**–**	–
Finance costs		**358,076**	338,663	**354,398**	333,966
Finance income		**(29,361)**	(51,057)	**(66,729)**	(88,506)
Gain on disposal of property, plant and equipment		**(960)**	–	**–**	–
Property, plant and equipment written off		**37,712**	132,835	**–**	–
Provision for:					
- Career Transition Scheme ("CTS") costs		**40,712**	–	**–**	–
- contract obligations and legal claims		**64,820**	4,100	**–**	–
- site rectification and decommissioning works		**191**	–	**–**	–
- staff incentive scheme		**38,745**	50,092	**–**	–
Reversal of allowance for:					
- impairment of receivables, deposits and prepayments		**(25,576)**	(20,072)	**–**	–
- inventories obsolescence		**(19,687)**	(6,578)	**–**	–
Tax expenses		**724,220**	716,041	**1,142**	1,556
Unrealised loss/(gain) on foreign exchange		**14,475**	(4,862)	**–**	–
Write-back of provision for:					
- contract obligations and legal claims		**(7,292)**	–	**–**	–
- site rectification and decommissioning works		**(1,599)**	(1,440)	**–**	–
- staff incentive scheme		**(18,300)**	(9,017)	**–**	–
		4,512,767	4,484,198	**(22,038)**	(21,332)
Payment for CTS costs	28	**(21,343)**	–	**–**	–
Payment for contract obligations and legal claims	28	**(1,800)**	–	**–**	–
Payment under staff incentive scheme	28	**(31,881)**	(36,401)	**–**	–
Payments for site rectification and decommissioning works	28	**(1,619)**	(2,369)	**–**	–
Payment for ESOS – Equivalent Cash Consideration		**–**	(5,064)	**–**	–
Operating cash flows before working capital changes		**4,456,124**	4,440,364	**(22,038)**	(21,332)
Changes in working capital:					
Inventories		**18,795**	(10,815)	**–**	–
Receivables		**(90,350)**	(143,165)	**92**	396
Payables		**(198,213)**	(224,940)	**(75)**	(950)
Related parties balances		**(13,293)**	6,213	**–**	–
Fellow subsidiaries balances		**5,293**	(1,891)	**–**	–
Penultimate holding company balances		**144**	5,036	**(35)**	(1)
Subsidiaries balances		**–**	–	**1,939**	200
Cash flows from/(used in) operations		**4,178,500**	4,070,802	**(20,117)**	(21,687)

The notes on pages 84 to 167 form part of these financial statements.

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Dividends received		**–**	–	**2,104,000**	2,581,000
Interest received		**29,675**	46,959	**67,066**	88,679
Tax paid		**(731,257)**	(697,129)	**(1,656)**	(526)
Net cash flows from operating activities		**3,476,918**	3,420,632	**2,149,293**	2,647,466
CASH FLOWS FROM INVESTING ACTIVITIES					
Loan to a subsidiary		**–**	–	**(150,000)**	(1,000,000)
Loans repayment from a subsidiary		**–**	–	**120,000**	1,032,500
Purchase of intangible assets		**(267,286)**	(272,383)	**–**	–
Purchase of property, plant and equipment		**(540,246)**	(717,361)	**–**	–
Proceeds from disposal of property, plant and equipment		**6,117**	–	**–**	–
Net cash flows (used in)/from investing activities		**(801,415)**	(989,744)	**(30,000)**	32,500
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares pursuant to ESOS		**16,628**	3,125	**16,628**	3,125
Drawdown of borrowing		**500,000**	–	**500,000**	–
Proceeds from issuance of Islamic Medium Term Notes		**–**	2,450,000	**–**	2,450,000
Loans received from a subsidiary		**–**	–	**400,000**	–
Repayment of loan from a related party		**(4,185)**	–	**–**	–
Repayment of borrowing		**–**	(1,450,000)	**–**	(1,450,000)
Repayment of lease financing		**(2,060)**	(5,995)	**–**	–
Payments of finance costs		**(345,028)**	(298,625)	**(344,442)**	(294,612)
Ordinary share dividends paid		**(3,000,640)**	(3,000,084)	**(3,000,640)**	(3,000,084)
Net cash flows used in financing activities		**(2,835,285)**	(2,301,579)	**(2,428,454)**	(2,291,571)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(159,782)**	129,309	**(309,161)**	388,395
EFFECTS OF EXCHANGE RATE CHANGES		**230**	64	**–**	–
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**967,498**	838,125	**469,800**	81,405
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	27	**807,946**	967,498	**160,639**	469,800

The notes on pages 84 to 167 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

1 GENERAL INFORMATION

The principal activity of the Company is investment holding, whilst the principal activities of the Group, comprising the Company and its subsidiaries, are the provision of mobile, fixed line and international gateway telecommunications services as well as Internet and broadband services, and corporate support functions for the Group. Details of the principal activities of the subsidiaries are shown in Note 18 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

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

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

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

The address of the principal place of business of the Company is as follows:

Level 8, 10 – 23, Menara Maxis
Kuala Lumpur City Centre
Off Jalan Ampang
50088 Kuala Lumpur

2 BASIS OF PREPARATION

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

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

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

2 BASIS OF PREPARATION (CONTINUED)

(a) Standards and amendments to published standards that are effective and applicable to the Group and the Company

The new standards, amendments and improvements to published standards that are effective for the Group's and the Company's financial year beginning on or after 1 January 2013 are as follows:

- MFRS 10 "Consolidated Financial Statements"
- MFRS 12 "Disclosure of Interests in Other Entities"
- MFRS 13 "Fair Value Measurement"
- MFRS 119 "Employee Benefits"
- MFRS 127 "Separate Financial Statements"
- Amendments to MFRS 7 "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities"
- Amendments to MFRS 10, MFRS 11 and MFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"
- Amendments to MFRS 101 "Presentation of Items of Other Comprehensive Income"
- Annual Improvements 2009-2011 Cycle

The adoption of the above new standards, amendments and improvements to published standards did not have any significant impact on the financial results and position of the Group and the Company upon their initial application except for the disclosure requirements under the MFRS 12 "Disclosure of Interests in Other Entities" and Amendments to MFRS 7 "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities" as disclosed in Notes 18 and 33(f) respectively.

(b) Standards, amendments to published standards and Issues Committee ("IC") Interpretations to existing standards that are applicable to the Group and the Company but not yet effective

The Group and the Company will apply the new standards, amendments to published standards and IC Interpretations to existing standards in the following periods:

(i) Early adoption for the financial year beginning on or after 1 January 2013

- Amendments to MFRS 136 "Impairment of Assets" (effective from 1 January 2014) removed certain disclosures of the recoverable amount of cash-generating units ("CGUs") which had been included in MFRS 136 by the issuance of MFRS 13. The amendment is not mandatory for the Group until 1 January 2014. However, the Group has decided to early adopt the amendment as of 1 January 2013. The early adoption of this amendment did not have any impact on the financial results and position of the Group and of the Company apart from the disclosures.

(ii) Financial year beginning on or after 1 January 2014

- Amendments to MFRS 10 "Consolidated Financial Statements", MFRS 12 "Disclosure of Interests in Other Entities" and MFRS 127 "Separate Financial Statements" (effective from 1 January 2014) introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both and evaluate the performance of its investments on fair value basis. The amendments require investment entities to measure particular subsidiaries at fair value instead of consolidating them. These amendments are not expected to have any impact on the financial results and position of the Group and of the Company.

- Amendments to MFRS 132 "Financial Instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria. These amendments are not expected to have significant impact on the financial results and position of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013
Continued

2 BASIS OF PREPARATION (CONTINUED)

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

The Group and the Company will apply the new standards, amendments to published standards and IC Interpretations to existing standards in the following periods: (continued)

(ii) Financial year beginning on or after 1 January 2014 (continued)

- Amendments to MFRS 139 "Financial Instruments: Recognition and Measurement" (effective from 1 January 2014) provide relief from discontinuing hedge accounting in a situation where a derivative (which has been designated as a hedging instrument) is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. This amendment is not expected to have significant impact on the financial results and position of the Group and of the Company.

- IC Interpretation 21 "Levies" (effective from 1 January 2014) sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that a liability to pay a levy is recognised when the obligating event occurs. Obligating event is the event identified by the legislation that triggers the payment of the levy. This interpretation is not expected to have significant impact on the financial results and position of the Group and of the Company.

(iii) Financial year beginning on or after 1 January 2015

- MFRS 9 "Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities" (effective from 1 January 2015) replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of profit or loss, unless this creates an accounting mismatch. The Group and the Company are currently assessing the MFRS 9's full impact including the remaining phases of MFRS 9.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Certain comparative information has been reclassified to conform with the current financial year's presentation as disclosed in Note 37 to the financial statements.

(a) Basis of consolidation

(i) Subsidiaries

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through the statement of profit or loss.

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

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

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

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

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

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

(iii) Disposal of subsidiaries

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currencies

(i) Functional and presentation currency

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

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

(ii) Transactions and balances

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

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

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

(iii) Group companies

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

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

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

(iv) Closing rates

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

FOREIGN CURRENCIES	2013 RM	2012 RM
1 Euro	**4.51**	4.04
1 Pound Sterling ("GBP")	**5.42**	4.94
1 Singapore Dollar ("SGD")	**2.59**	2.50
1 Special Drawing Rights ("SDR")[1]	**5.05**	4.70
1 United States Dollar ("USD")	**3.28**	3.06
100 Indian Rupee	**5.30**	5.56
100 Indonesian Rupiah	**0.03**	0.03

Note:
[1] Represents the closing international accounting settlement rate with international carriers.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

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

Certain telecommunication assets are stated at the amount of cash or cash equivalent that would have to be paid if the same or an equivalent asset was acquired. Included in telecommunications equipment are purchased computer software costs which are integral to such equipment.

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

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

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

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

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

All property, plant and equipment are depreciated on the straight line method to write-off the cost of each category of assets to its residual value over its estimated useful life, summarised as follows:

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

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

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

At each reporting date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(g)(i) on impairment of non-financial assets.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Intangible assets

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

(i) Spectrum rights

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

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

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

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

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

(ii) Goodwill

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

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

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

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

(iii) Customer acquisition costs

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investments in subsidiaries

Investments in subsidiaries are stated at cost plus the fair value of share options granted to employees of the subsidiaries over the vesting period deemed as capital contribution. See accounting policy Note 3(t)(iv) on share-based compensation. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(g)(i) on impairment of non-financial assets.

(f) Financial instruments

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

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

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

(i) Classification and measurement

Financial assets

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

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

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

Loans and receivables

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(i) Classification and measurement (continued)

Financial assets (continued)

Available-for-sale

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

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

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

Financial liabilities

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

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

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

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

(ii) Recognition of financial assets and financial liabilities

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

(iii) Derecognition of financial assets and financial liabilities

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

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

(iv) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of assets

(i) Non-financial assets

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

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

(ii) Financial assets

Financial assets carried at amortised cost

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

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

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

Financial assets classified as available-for-sale

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Derivative financial instruments and hedging activities

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

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

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

Cash flow hedge

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

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

(i) Fair value estimates

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

In assessing the fair value of financial instruments, the Group and the Company make certain assumptions and apply the estimated discounted value of future cash flows to determine the fair value of financial instruments. The fair values of financial assets and financial liabilities are estimated by discounting future cash flows at the current interest rate available to the respective companies.

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Inventories

Inventories, which comprise telecommunications components, incidentals and devices, are stated at the lower of cost and net realisable value. Cost includes the actual cost of materials and incidentals in bringing the inventories to their present location and condition, and is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Certain telecommunications components were classified as property, plant and equipment as a result of adoption of Amendment to MFRS 116 "Property, Plant and Equipment" (Annual Improvements 2009-2011 Cycle) which has insignificant impact to the Group.

(k) Receivables

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

(l) Cash and cash equivalents

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

(m) Share capital

(i) Classification

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

(ii) Share issue costs

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

(iii) Dividends to shareholders of the Company

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

(n) Payables

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Borrowings

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

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

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

Borrowings are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(i) Borrowings in a designated hedging relationship

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

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

(ii) Borrowings not in a designated hedging relationship

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

(p) Provisions for liabilities and charges

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(i) Site rectification and decommissioning works

Provision for site rectification works is based on management's best estimate and the past trend of costs for rectification works to be carried out to fulfil new regulatory guidelines and requirements imposed after network cell sites were built.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Provisions for liabilities and charges (continued)

(ii) Contract obligations and legal claims

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

(iii) Staff incentive scheme

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

(iv) Restructuring costs

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

(q) Income taxes

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

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on behalf of their parent on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Finance leases and hire purchase agreements

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

Finance leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the finance lease balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

(s) Operating leases

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

(t) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees including full-time Executive Directors of the Group and of the Company. The Group and the Company recognise provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(ii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts an offer of benefits in exchange for termination of employment. The Group and the Company recognise termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to the employee. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iii) Post-employment benefits

Defined contribution plans

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits (continued)

(iv) Share-based compensation

The Group and the Company operate an equity-settled, share-based compensation plan for eligible employees and directors of the Group and of the Company, pursuant to the Employee Share Option Scheme ("ESOS") and share-based incentive arrangement (which arrangement has not been effected). Where the Group and the Company pay for services of employees using the share options, the fair value of the employee services rendered in exchange for the grant of the share options is recognised as an expense in the statement of profit or loss over the vesting periods of the grants, with the corresponding increase in equity.

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

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

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

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

(u) Revenue recognition

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

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

(i) Telecommunications revenue

Revenues from mobile postpaid services and fixed line services are recognised at the time of customer usage and when services are rendered. Service discounts and incentives are accounted as a reduction of revenue when granted.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition (continued)

(i) Telecommunications revenue (continued)

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

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

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

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

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

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

(ii) Dividend income

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

(iii) Interest income

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

(v) Government grants

As a Universal Service Provider ("USP"), the Group is entitled to claim certain qualified expenses from the relevant authorities in relation to USP projects. The claim qualifies as a government grant and is recognised at its fair value where there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to costs are deferred and recognised in the statement of profit or loss over the financial period necessary to match them with the costs they are intended to compensate.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

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

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

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

(x) Segment reporting

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

Segment revenues and expenses are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenues and expenses are determined before intragroup balances and transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group companies within a single segment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Critical accounting estimates and assumptions

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

(a) Intangible assets

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

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

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

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

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

(c) Provisions for liabilities and charges

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

5 SEGMENT REPORTING

The Group operates in four key segments as follows:

(i) Mobile services comprise postpaid mobile, prepaid mobile, mobile data, broadband and roaming services;

(ii) Enterprise fixed services comprise a full suite of voice services, data services, Very Small Apparatus Terminal ("VSAT") services and Internet Protocol ("IP") and managed services to cater for business customers;

(iii) International gateway services comprise services to international telecommunications carriers for termination of traffic into Malaysia, services to send the Group's own international traffic abroad and bandwidth leasing services; and

(iv) Home services comprise fixed voice services and data services to home customers.

Other operations services represents corporate support functions.

Inter-segment revenues comprise network services and management services rendered to other business segments within the Group. Some transactions are transacted at normal commercial terms that are no more favourable than those available to other third parties whilst the rest are allocated based on an equitable basis of allocation. There have been no significant changes to the basis of pricing inter-segment transfers.

The Group assesses the performance of the operating segments based on measure of revenue, EBITDA[(1)] and profit from operations. Finance income and costs are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. Tax expenses are not allocated to segments, as this type of activity is measured at entity based rather than taxation on segments.

Additions to non-current assets are primarily the total costs incurred during the financial year to acquire property, plant and equipment and intangible assets.

Segment assets and liabilities are not regularly provided to the chief operating decision-makers. Hence, no disclosure is made on the segment assets and liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

5 SEGMENT REPORTING (CONTINUED)

(a) Business segments

	MOBILE SERVICES RM'000	ENTERPRISE FIXED SERVICES RM'000	INTERNATIONAL GATEWAY SERVICES RM'000	HOME SERVICES RM'000	OTHER OPERATIONS RM'000	ELIMINATION RM'000	GROUP RM'000
Financial year ended 31 December 2013							
SEGMENT REVENUE							
External revenue	8,492,648	240,112	280,573	71,119	–	–	9,084,452
Inter-segment revenue	15,810	22,806	313,035	47	474,489	(826,187)	–
Segment revenue	8,508,458	262,918	593,608	71,166	474,489	(826,187)	9,084,452
SEGMENT RESULTS							
Segment EBITDA	4,274,421	90,004	48,756	(184,882)	82,064	–	4,310,363
Segment operating profit/(loss)	3,016,409	48,530	39,439	(306,720)	27,532	–	2,825,190
Profit from operations							2,825,190
Finance income							29,361
Finance costs							(358,076)
Profit before tax							2,496,475
Tax expenses							(724,220)
Profit for the financial year							1,772,255
Depreciation and amortisation	1,215,890	41,213	9,316	52,075	47,956	–	1,366,450
Other material non-cash items	171,352	4,452	430	141,224	21,714	–	339,172
Additions to non-current assets	981,158	48,240	–	26,561	1,435	–	1,057,394

5 SEGMENT REPORTING (CONTINUED)

(a) Business segments (continued)

	MOBILE SERVICES RM'000	ENTERPRISE FIXED SERVICES RM'000	INTERNATIONAL GATEWAY SERVICES RM'000	HOME SERVICES RM'000	OTHER OPERATIONS RM'000	ELIMINATION RM'000	GROUP RM'000
Financial year ended 31 December 2012							
SEGMENT REVENUE							
External revenue	8,537,417	203,190	195,420	30,801	–	–	8,966,828
Inter-segment revenue	21,307	24,746	264,238	77	417,023	(727,391)	–
Segment revenue	8,558,724	227,936	459,658	30,878	417,023	(727,391)	8,966,828
SEGMENT RESULTS							
Segment EBITDA	4,308,601	63,963	48,143	(109,009)	47,919	–	4,359,617
Segment operating profit/(loss)	2,983,454	27,023	29,350	(186,739)	11,078	–	2,864,166
Profit from operations							2,864,166
Finance income							51,057
Finance costs							(338,663)
Profit before tax							2,576,560
Tax expenses							(716,041)
Profit for the financial year							1,860,519
Depreciation and amortisation	1,248,179	31,061	17,989	29,370	36,017	–	1,362,616
Other material non-cash items	192,505	12,101	(36)	53,661	16,215	–	274,446
Additions to non-current assets	963,840	42,302	–	54,079	15,391	–	1,075,612

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

5 SEGMENT REPORTING (CONTINUED)

(a) Business segments (continued)

Other material non-cash items consist of the following:

	GROUP 2013 RM'000	GROUP 2012 RM'000
Allowance (net) for:		
- impairment of property, plant and equipment	**81,971**	–
- impairment of receivables, deposits and prepayments	**83,755**	97,077
- inventories obsolescence	**589**	3,234
ESOS expense	**4,353**	2,427
Gain on disposal of property, plant and equipment	**(960)**	–
Property, plant and equipment written off	**37,712**	132,835
Provision/(write-back of provision) (net) for:		
- CTS costs	**40,712**	–
- contract obligations and legal claims	**57,528**	4,100
- site rectification and decommissioning works	**(1,408)**	(1,440)
- staff incentive scheme	**20,445**	41,075
Unrealised loss/(gain) on foreign exchange	**14,475**	(4,862)
	339,172	274,446

(b) Geographical information

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

	GROUP 2013 RM'000	GROUP 2012 RM'000
Malaysia	**8,677,236**	8,614,254
Other countries[1]	**407,216**	352,574
Total revenue	**9,084,452**	8,966,828

Note:

[1] Represents revenue from roaming partners and hubbing revenue.

6 REVENUE

	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Mobile services	**8,173,810**	8,268,582	**–**	–
Enterprise fixed services	**240,112**	203,190	**–**	–
International gateway services	**280,573**	195,420	**–**	–
Home services	**71,119**	30,801	**–**	–
Sale of devices	**318,838**	268,835	**–**	–
Dividend income from subsidiaries	**–**	–	**2,079,000**	2,606,000
	9,084,452	8,966,828	**2,079,000**	2,606,000

7 PROFIT FROM OPERATIONS

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

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Allowance for:					
- impairment of property, plant and equipment	15	**81,971**	–	**–**	–
- impairment of receivables, deposits and prepayments	24	**109,331**	117,149	**–**	–
- inventories obsolescence		**20,276**	9,812	**–**	–
Amortisation of intangible assets	16	**265,163**	180,030	**–**	–
Auditors' remuneration: (1)					
- fees for statutory audits:					
- auditors of the Group		**1,297**	1,207	**49**	49
- others		**16**	21	**–**	–
- fees for audit related services:					
- auditors of the Group(2)		**843**	1,066	**624**	640
- others		**30**	29	**–**	–
- fees for other services:					
- auditors of the Group(2)		**–**	110	**–**	–
- member firms of PwC Malaysia(3)		**4,390**	1,523	**5**	5
Bad debts recovered		**(18,045)**	(17,030)	**–**	–

Notes:

(1) The Audit Committee, in ensuring the independence of the Group's external auditors is consistently maintained, has set out clear policies and guidelines as to the type of non-audit services that can be offered as well as a structured approval process that has to be adhered to before any such non-audit services are commissioned. Under these policies and guidelines, non-audit services can be offered by the Group's external auditors if the Group can realise efficiencies and value-added benefits from such services.

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

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

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2013
Continued

7 PROFIT FROM OPERATIONS (CONTINUED)

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

	NOTE	GROUP 2013 RM'000	GROUP RESTATED 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Commissions, sales and marketing expenses		**566,630**	620,553	**–**	–
Depreciation of property, plant and equipment	15	**1,101,287**	1,182,586	**–**	–
Device expense:					
- handset expense		**278,446**	243,913	**–**	–
- other device expense		**70,945**	61,876	**–**	–
Gain on disposal of property, plant and equipment		**(960)**	–	**–**	–
Loss/(gain) on foreign exchange:					
- realised		**4,911**	(4,200)	**7**	28
- unrealised		**14,475**	(4,862)	**–**	–
Government grant		**(52,868)**	(20,707)	**–**	–
Interconnect expenses		**940,875**	856,419	**–**	–
Licenses and spectrum related fees, and other regulatory fees under the Communications and Multimedia Act, 1998		**153,535**	143,011	**–**	–
Management fees charged by a subsidiary		**–**	–	**14,335**	12,742
Property, plant and equipment written off		**37,712**	132,835	**–**	–
Provision for:					
- CTS costs (included in staff cost)	28	**40,712**	–	**–**	–
- contract obligations and legal claims	28	**64,820**	4,100	**–**	–
- site rectification and decommissioning works	28	**191**	–	**–**	–
- staff incentive scheme (included in staff cost)	28	**38,745**	50,092	**–**	–
Rental income from network cell sites		**(82,905)**	(15,935)	**–**	–
Rental of land and buildings		**55,940**	52,566	**–**	–
Rental of equipment		**13,709**	18,068	**–**	–
Rental of network cell sites		**247,786**	248,962	**–**	–
Reversal of allowance for:					
- impairment of receivables, deposits and prepayments	24	**(25,576)**	(20,072)	**–**	–
- inventories obsolescence		**(19,687)**	(6,578)	**–**	–
Roaming expense		**150,167**	165,843	**–**	–
Service tax on mobile prepaid services		**214,792**	218,344	**–**	–

7 PROFIT FROM OPERATIONS (CONTINUED)

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

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Staff cost:					
- Directors' fees	8	**2,843**	2,768	**2,843**	2,768
- staff cost (including Executive Directors' salaries and other short-term employee benefits)	10	**595,750**	469,432	**–**	–
Universal Service Provision contributions		**434,860**	441,837	**–**	–
Write-back of provision for:					
- contract obligations and legal claims	28	**(7,292)**	–	**–**	–
- site rectification and decommissioning works	28	**(1,599)**	(1,440)	**–**	–
- staff incentive scheme	28	**(18,300)**	(9,017)	**–**	–

8 DIRECTORS' REMUNERATION

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

Non-Executive Directors

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda
Robert William Boyle
Dato' Mokhzani bin Mahathir
Dr. Fahad Hussain S. Mushayt
Augustus Ralph Marshall
Chan Chee Beng
Alvin Michael Hew Thai Kheam
Dr. Ibrahim Abdulrahman H. Kadi
Krishnan Ravi Kumar
Asgari bin Mohd Fuad Stephens (retired with effect from 9 May 2013)

Executive Directors

Morten Lundal (appointed with effect from 1 October 2013)
Sandip Das (resigned with effect from 15 April 2013)

8 DIRECTORS' REMUNERATION (CONTINUED)

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

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Non-Executive Directors					
Fees	7	**2,843**	2,768	**2,843**	2,768
Estimated monetary value of benefits-in-kind		**67**	52	**67**	52
		2,910	2,820	**2,910**	2,820
Executive Directors[1]					
Salaries and other short-term employee benefits		**5,807**	4,306	**255**	198
ESOS – Equivalent Cash Consideration[2]		**–**	5,064	**–**	–
Estimated monetary value of benefits-in-kind		**317**	171	**14**	8
		6,124	9,541	**269**	206
Total Directors' remuneration		**9,034**	12,361	**3,179**	3,026

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

Range of remuneration[3]	Executive	Non-Executive
RM100,001 – RM150,000	–	1
RM200,001 – RM250,000	–	2
RM250,001 – RM300,000	–	3
RM300,001 – RM350,000	–	2
RM350,001 – RM400,000	–	1
RM500,001 – RM550,000	–	1
RM1,950,001 – RM2,000,000	1	–
RM4,100,001 – RM4,150,000	1	–

Notes:

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

(2) In prior years, MCB, the penultimate holding company operated an equity-settled, share-based compensation plan for eligible employees and full-time Executive Directors pursuant to its ESOS.

(3) Remuneration paid to the Directors of the Company includes fees, salaries, other emoluments including bonuses and other benefits, share-based payments and estimated monetary value of benefits-in-kind.

9 KEY MANAGEMENT PERSONNEL REMUNERATION

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

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

	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Salaries and other short-term employee benefits	**29,607**	31,015	**903**	958
CTS costs[1]	**1,429**	–	**63**	–
Defined contribution plan	**2,275**	1,944	**61**	51
Estimated monetary value of benefits-in-kind	**1,578**	1,389	**60**	49
ESOS expense	**1,055**	402	**–**	–
	35,944	34,750	**1,087**	1,058 [2]

Notes:

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

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

The total key management personnel remuneration of the Group and of the Company for the financial year is RM44,978,000 (2012: RM47,111,000) and RM4,266,000 (2012: RM4,084,000) respectively.

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

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000
Wages, salaries and bonuses		**355,859**	375,689
CTS costs		**143,267**	–
Defined contribution plan		**41,236**	41,800
Other employee benefits		**51,035**	49,516
ESOS expense	31(b)	**4,353**	2,427
		595,750	469,432

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

11 FINANCE INCOME AND COSTS

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
(a) Finance income					
Interest income on:					
- deposits with licensed banks		**29,361**	47,110	**4,650**	15,781
- loans due from subsidiaries		**–**	–	**62,079**	72,725
- others		**–**	3,947	**–**	–
		29,361	51,057	**66,729**	88,506
(b) Finance costs					
Accretion of site rectification and decommissioning works costs and changes in costs estimate on provision (net)	28	**6,643**	(2,246)	**–**	–
Loss/(gain) on foreign exchange on bank borrowings		**230,593**	(109,230)	**230,593**	(109,230)
Interest expense on:					
- bank borrowings		**219,994**	227,804	**219,994**	227,804
- deferred payment creditors		**3,504**	2,030	**–**	–
- finance leases		**926**	1,991	**–**	–
- loan from a related party		**2,273**	2,520	**–**	–
- loans from subsidiaries		**–**	–	**9,668**	–
- others		**1,186**	616	**1,186**	214
Net fair value (gain)/loss on cross currency interest rate swaps and interest rate swaps: cash flow hedge, reclassified from equity	32(c)	**(230,518)**	109,833	**(230,518)**	109,833
Profit on Islamic Medium Term Notes		**123,475**	105,345	**123,475**	105,345
		358,076	338,663	**354,398**	333,966

12 TAX EXPENSES

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Current tax (Malaysian):					
- current year		**781,165**	787,231	**1,100**	1,570
- under/(over) accrual in prior years		**2,155**	(68,059)	**42**	(14)
		783,320	719,172	**1,142**	1,556
Deferred tax:					
- origination and reversal of temporary differences		**(43,480)**	(79,645)	**–**	–
- recognition and reversal of prior years' temporary differences		**1,280**	76,514	**–**	–
- changes in tax rate		**(16,900)**	–	**–**	–
	22	**(59,100)**	(3,131)	**–**	–
Tax expenses		**724,220**	716,041	**1,142**	1,556

The Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) on the estimated chargeable profit for the financial year. Subsequent to the announcement of reduction in the corporate tax rate to 24% with effect from year of assessment 2016 in the Malaysian Budget 2014, the computation of deferred tax assets and deferred tax liabilities has been adjusted accordingly to reflect such changes. Taxes in foreign jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

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

	GROUP 2013 %	GROUP 2012 %	COMPANY 2013 %	COMPANY 2012 %
Numerical reconciliation between the Malaysian tax rate and average effective tax rate				
Malaysian tax rate	**25**	25	**25**	25
Tax effects of:				
- expenses not deductible for tax purposes	**5**	4	**4**	3
- income not subject to tax	**–**	–	**(29)**	(28)
- effect of tax incentive	**–**	(1)	**–**	–
- recognition and reversal of prior years' temporary differences	**–**	3	**–**	–
- changes in tax rate	**(1)**	–	**–**	–
- over accrual in prior years	**–**	(3)	**–**	–
Average effective tax rate	**29**	28	**–**	–

12 TAX EXPENSES (CONTINUED)

One of the subsidiaries of the Group was granted Investment Allowance under the Last Mile Broadband Tax Incentive by the Ministry of Finance which expired in the financial year 31 December 2012. During the financial year ended 31 December 2012, the Group recognised tax credits of RM31,378,000 arising from the tax incentive.

The gazetted Finance Act 2007 introduced a single-tier company income tax system with effect from year of assessment 2008. Under the single-tier system, companies are not required to have tax credits under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividends paid under this system are tax-exempt in the hands of the shareholder. The Section 108 tax credit as at 31 December 2007 will be available to the companies until such time that the credit is fully utilised or upon expiry of the six years transitional period on 31 December 2013, whichever is earlier, unless the company opts to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act 2007.

In the prior year, subject to agreement by the tax authorities, a subsidiary of the Group had sufficient Section 108 tax credits to frank approximately RM7,239,000 of its retained earnings if paid out as dividends.

13 EARNINGS PER SHARE

(a) Basic earnings per share

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

	GROUP	
	2013	**2012**
Profit attributable to the equity holders of the Company (RM'000)	**1,765,462**	1,856,299
Weighted average number of issued ordinary shares ('000)	**7,501,629**	7,500,192
Basic earnings per share (sen)	**23.53**	24.75

(b) Diluted earnings per share

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

13 EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share (continued)

	GROUP 2013	GROUP 2012
Profit attributable to the equity holders of the Company (RM'000)	**1,765,462**	1,856,299
Weighted average number of issued ordinary shares ('000)	**7,501,629**	7,500,192
Adjustment for share options granted ('000)	**2,564**	1,645
Adjusted weighted average number of ordinary shares for diluted earnings per share ('000)	**7,504,193**	7,501,837
Diluted earnings per share (sen)	**23.53**	24.74

14 DIVIDENDS

	GROUP AND COMPANY			
	2013		2012	
	SINGLE-TIER TAX-EXEMPT DIVIDEND PER SHARE SEN	AMOUNT OF DIVIDENDS, SINGLE-TIER TAX-EXEMPT RM'000	SINGLE-TIER TAX-EXEMPT DIVIDEND PER SHARE SEN	AMOUNT OF DIVIDENDS, SINGLE-TIER TAX-EXEMPT RM'000
Dividends paid in respect of the financial year ended 31 December 2011:				
- fourth interim ordinary	–	–	8.0	600,000
- final ordinary	–	–	8.0	600,000
	–	–	16.0	1,200,000
Dividends paid in respect of the financial year ended 31 December 2012:				
- first interim ordinary	–	–	8.0	600,000
- second interim ordinary	–	–	8.0	600,038
- third interim ordinary	–	–	8.0	600,046
- fourth interim ordinary	**8.0**	**600,052**	–	–
- final ordinary	**8.0**	**600,056**	–	–
	16.0	**1,200,108**	24.0	1,800,084
Dividends paid in respect of the financial year ended 31 December 2013:				
- first interim ordinary	**8.0**	**600,059**	–	–
- second interim ordinary	**8.0**	**600,208**	–	–
- third interim ordinary	**8.0**	**600,265**	–	–
	24.0	**1,800,532**	–	–
Dividend per share recognised as distribution to ordinary equity holders of the Company	**40.0**	**3,000,640**	40.0	3,000,084

14 DIVIDENDS (CONTINUED)

Subsequent to the financial year, on 11 February 2014, the Directors declared a fourth interim single-tier tax-exempt dividend of 8.0 sen per ordinary share in respect of the financial year ended 31 December 2013 which will be paid on 8 April 2014.

The Directors recommend the payment of a final single-tier tax-exempt dividend of 8.0 sen per ordinary share in respect of the financial year ended 31 December 2013, which is subject to the shareholders' approval at the forthcoming Annual General Meeting, and will be paid on a date to be determined.

15 PROPERTY, PLANT AND EQUIPMENT

GROUP	AS AT 1.1.2013 RM'000	ADDITIONS RM'000	CHANGES IN COSTS ESTIMATE (NOTE 28) RM'000	RECLASSI-FICATIONS RM'000	DISPOSALS RM'000	ASSETS WRITTEN OFF RM'000	CURRENCY TRANSLATION DIFFERENCES RM'000	AS AT 31.12.2013 RM'000
2013								
At cost								
Long-term leasehold land	3,111	–	–	–	–	–	–	3,111
Short-term leasehold land	3,490	–	–	–	–	–	–	3,490
Freehold land	18,260	–	–	–	–	–	–	18,260
Buildings	76,756	–	–	–	–	–	–	76,756
Telecommunications equipment	6,396,017	22,863	1,015	712,097	(9,878)	(285,034)	4	6,837,084
Motor vehicles	10,989	308	–	–	–	–	–	11,297
Office furniture, fittings and equipment	699,713	632	88	197,596	–	(16,094)	–	881,935
	7,208,336	23,803	1,103	909,693	(9,878)	(301,128)	4	7,831,933
Capital work-in-progress	485,727	695,696	–	(852,948)	–	(12,798)	–	315,677
Capital inventories	–	57,053	–	(28,732)	–	(1,493)	–	26,828
	7,694,063	776,552	1,103	28,013	(9,878)	(315,419)	4	8,174,438

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	AS AT 1.1.2013 RM'000	CHARGE FOR THE FINANCIAL YEAR RM'000	CHANGES IN COSTS ESTIMATE (NOTE 28) RM'000	RECLASSI-FICATIONS RM'000	RELEASED ON DISPOSALS RM'000	ASSETS WRITTEN OFF RM'000	CURRENCY TRANSLATION DIFFERENCES RM'000	AS AT 31.12.2013 RM'000
2013								
Accumulated depreciation								
Long-term leasehold land	123	36	–	–	–	–	–	159
Short-term leasehold land	261	82	–	–	–	–	–	343
Buildings	6,970	1,998	–	–	–	–	–	8,968
Telecommunications equipment	2,782,003	983,583	–	(770)	(4,721)	(261,837)	–	3,498,258
Motor vehicles	3,596	2,442	–	–	–	–	–	6,038
Office furniture, fittings and equipment	442,224	113,146	–	770	–	(14,377)	–	541,763
	3,235,177	1,101,287	–	–	(4,721)	(276,214)	–	4,055,529
Impairment loss								
Telecommunications equipment	–	70,131	–	–	–	–	–	70,131
Capital inventories	–	11,840	–	–	–	(1,493)	–	10,347
	–	81,971	–	–	–	(1,493)	–	80,478
Accumulated depreciation and impairment loss	3,235,177	1,183,258	–	–	(4,721)	(277,707)	–	4,136,007

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	AS AT 1.1.2012 RM'000	ADDITIONS RM'000	CHANGES IN COSTS ESTIMATE (NOTE 28) RM'000	RECLASSI-FICATIONS RM'000	DISPOSALS RM'000	ASSETS WRITTEN OFF RM'000	CURRENCY TRANSLATION DIFFERENCES RM'000	AS AT 31.12.2012 RM'000
2012								
At cost								
Long-term leasehold land	3,111	–	–	–	–	–	–	3,111
Short-term leasehold land	3,490	–	–	–	–	–	–	3,490
Freehold land	18,260	–	–	–	–	–	–	18,260
Buildings	76,756	–	–	–	–	–	–	76,756
Telecommunications equipment	6,473,655	2,968	11,767	349,849	–	(442,226)	4	6,396,017
Motor vehicles	10,989	–	–	–	–	–	–	10,989
Office furniture, fittings and equipment	414,971	21,082	612	275,737	–	(12,689)	–	699,713
	7,001,232	24,050	12,379	625,586	–	(454,915)	4	7,208,336
Capital work-in-progress	390,675	766,801	–	(625,586)	–	(46,163)	–	485,727
	7,391,907	790,851	12,379	–	–	(501,078)	4	7,694,063

GROUP	AS AT 1.1.2012 RM'000	CHARGE FOR THE FINANCIAL YEAR RM'000	CHANGES IN COSTS ESTIMATE (NOTE 28) RM'000	RECLASSI-FICATIONS RM'000	RELEASED ON DISPOSALS RM'000	ASSETS WRITTEN OFF RM'000	CURRENCY TRANSLATION DIFFERENCES RM'000	AS AT 31.12.2012 RM'000
2012								
Accumulated depreciation								
Long-term leasehold land	87	36	–	–	–	–	–	123
Short-term leasehold land	179	82	–	–	–	–	–	261
Buildings	4,972	1,998	–	–	–	–	–	6,970
Telecommunications equipment	2,145,599	1,103,025	–	(110,015)	–	(356,607)	1	2,782,003
Motor vehicles	1,047	2,549	–	–	–	–	–	3,596
Office furniture, fittings and equipment	268,949	74,896	–	110,015	–	(11,636)	–	442,224
	2,420,833	1,182,586	–	–	–	(368,243)	1	3,235,177

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	GROUP	
	2013 **RM'000**	**2012** **RM'000**
Net book value		
Long-term leasehold land	**2,952**	2,988
Short-term leasehold land	**3,147**	3,229
Freehold land	**18,260**	18,260
Buildings	**67,788**	69,786
Telecommunications equipment	**3,268,695**	3,614,014
Motor vehicles	**5,259**	7,393
Office furniture, fittings and equipment	**340,172**	257,489
Capital work-in-progress	**315,677**	485,727
Capital inventories	**16,481**	–
	4,038,431	4,458,886

Capital work-in-progress is reclassified to the respective categories of property, plant and equipment on completion. During the financial year ended 31 December 2013, the Group has reclassified telecommunications equipment from inventories to property, plant and equipment as disclosed in Note 23 to the financial statements.

The allowance for impairment of property, plant and equipment recognised during the financial year amounting to RM81,971,000 (2012: RM Nil) had been included within network operation costs in the statement of profit or loss. This comprises RM70,131,000 of Home services' dedicated telecommunications equipment which was fully impaired arising from a review of the segmental projected cash flows. The remaining balance of RM11,840,000 relates to Mobile services' capital inventories which were written down to their recoverable amount of RM16,481,000, based on their planned usage.

During the financial year, the Group had written off property, plant and equipment of RM37,712,000 (2012: RM132,835,000) arising from decommissioning network cell sites and discontinued projects.

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

For the financial year ended 31 December 2012, the Group revised the useful lives of certain telecommunications equipment ranging from 7 years to 20 years to a remaining useful lives ranging from 1 month to 10 years as part of the network modernisation programme to support the business. The revision was accounted as a change in accounting estimate and as a result, the depreciation charge for the financial year ended 31 December 2012 had increased by RM162,461,000.

Additions in property, plant and equipment during the financial year include purchases by means of deferred payment schemes amounting to RM245,776,000 (2012: RM78,008,000).

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

	GROUP	
	2013 **RM'000**	**2012** **RM'000**
Motor vehicles	**4,475**	6,567

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

16 INTANGIBLE ASSETS

GROUP	GOODWILL RM'000	SPECTRUM RIGHTS: TELECOMMU-NICATIONS LICENCES WITH ALLOCATED SPECTRUM RIGHTS RM'000	SPECTRUM RIGHTS: OTHER SPECTRUM RIGHTS RM'000	CUSTOMER ACQUISITION COSTS RM'000	TOTAL RM'000
2013					
As at 1 January 2013	**219,087**	**10,707,381**	**–**	**225,534**	**11,152,002**
Additions during the financial year	**–**	**–**	**37,453**	**242,286**	**279,739**
Amortisation charge for the financial year	**–**	**–**	**(2,497)**	**(262,666)**	**(265,163)**
As at 31 December 2013	**219,087**	**10,707,381**	**34,956**	**205,154**	**11,166,578**
Cost	**219,087**	**10,707,381**	**37,453**	**953,020**	**11,916,941**
Accumulated amortisation	**–**	**–**	**(2,497)**	**(747,866)**	**(750,363)**
As at 31 December 2013	**219,087**	**10,707,381**	**34,956**	**205,154**	**11,166,578**
2012					
As at 1 January 2012	219,087	10,707,381	–	133,181	11,059,649
Additions during the financial year	–	–	–	272,383	272,383
Amortisation charge for the financial year	–	–	–	(180,030)	(180,030)
As at 31 December 2012	219,087	10,707,381	–	225,534	11,152,002
Cost	219,087	10,707,381	–	710,734	11,637,202
Accumulated amortisation	–	–	–	(485,200)	(485,200)
As at 31 December 2012	219,087	10,707,381	–	225,534	11,152,002

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

	GROUP 2013 RM'000	GROUP 2012 RM'000
Administrative expenses	**262,666**	180,030
Network operation costs	**2,497**	–
	265,163	180,030

16 INTANGIBLE ASSETS (CONTINUED)

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

	GROUP	
	2013	**2012**
Customer acquisition costs	**1 to 23 months**	1 to 23 months
Other spectrum rights	**48 months**	–

Additions in intangible assets during the financial year include purchase by means of finance lease amounting to RM12,453,000 (2012: RM Nil). The carrying amount of intangible assets held under a finance lease at the reporting date is RM11,623,000 (2012: RM Nil).

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

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

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on internally approved financial budgets covering five years (2012: five years) period which reflect management's expectations of revenue and EBITDA margin based on past experience and future expectations of business performance.

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

(a) five years (2012: five years) financial budget period;

(b) post-tax discount rate of 8.0% (2012: 8.1%). In accordance with the requirements of MFRS 136 "Impairment of Assets", this translate into pre-tax discount rate of 16.0% (2012: 14.0%); and

(c) terminal growth rate of 1.0% (2012: 1.0%).

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

17 INTEREST IN SUBSIDIARIES

	NOTE	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Non-current assets:			
- investments in subsidiaries	18	**35,019,383**	35,015,724
- loans to subsidiaries	(a)	**1,205,703**	1,325,916
Current assets:			
- amounts due from subsidiaries	(b)	**124**	52
- loan to a subsidiary	(a)	**150,000**	–
Current liabilities:			
- amounts due to subsidiaries	(b)	**(2,616)**	(1,101)
- loans from a subsidiary	(a)	**(400,000)**	–
		35,972,594	36,340,591

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

The terms of the loans are as follows:

COMPANY 2013 PRINCIPAL AMOUNT RM'000	COMPANY 2013 LOANS OUT-STANDING RM'000	COMPANY 2012 PRINCIPAL AMOUNT RM'000	COMPANY 2012 LOANS OUT-STANDING RM'000	CURRENCY DENOMINATION	REPAYMENT TERMS
1,200,000	**1,205,703**	1,200,000	1,205,486	RM	The loan is repayable based on a scheduled repayment as below:
					<table><tr><th>MONTHS AFTER THE FIRST DRAWDOWN</th><th>INSTALMENT %</th></tr><tr><td>72</td><td>27.8</td></tr><tr><td>78</td><td>35.1</td></tr><tr><td>84</td><td>37.1</td></tr></table>
150,000	**150,000**	–	–	RM	The loan is repayable in the financial year ending 31 December 2014.
–	–	120,000	120,430	RM	The loan was fully repaid during the financial year ended 31 December 2013.
1,350,000	**1,355,703**	1,320,000	1,325,916		
(400,000)	**(400,000)**	–	–	RM	The loans are repayable in the financial year ending 31 December 2014.

The loans to/(from) subsidiaries are unsecured and carry interest rates ranging from 4.85% to 5.00% per annum (2012: 3.96% to 5.00%) as at the reporting date.

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

The amounts due from/(to) subsidiaries are unsecured and with 30 days credit period (2012: 30 days).

18 INVESTMENTS IN SUBSIDIARIES

	NOTE	COMPANY 2013 RM'000	2012 RM'000
Unquoted shares, at cost		**35,012,760**	35,012,760
Fair value of share options granted to employees of subsidiaries, net of shares issued		**6,623**	2,964
	17	**35,019,383**	35,015,724

The information on the subsidiaries is as follows:

NAME	COUNTRY OF INCORPORATION AND PLACE OF BUSINESS	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTERESTS HELD BY THE GROUP 2013	2012	PROPORTION OF OWNERSHIP INTERESTS HELD BY NON-CONTROLLING INTERESTS 2013	2012	PAID-UP CAPITAL 2013	2012
Advanced Wireless Technologies Sdn. Bhd. (517551-U)	Malaysia	Provider of wireless multimedia related services	**75%**	75%	**25%**	25%	**RM3,333,336**	RM3,333,336
Maxis Broadband Sdn. Bhd. (234053-D)	Malaysia	Operator of a national public switched network and provider of Internet and Internet application services and includes owning, maintaining, building and operating radio facilities and associated switches	**100%**	100%	**–**	–	**RM1,000,002**	RM1,000,002
Maxis Collections Sdn. Bhd. (383275-M)	Malaysia	Collector of telecommunications revenue for fellow subsidiaries	**100%**	100%	**–**	–	**RM2**	RM2
Maxis International Sdn. Bhd. (240071-T)	Malaysia	Operator of an international gateway	**100%**	100%	**–**	–	**RM2,500,002**	RM2,500,002

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

NAME	COUNTRY OF INCOR-PORATION AND PLACE OF BUSINESS	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTERESTS HELD BY THE GROUP		PROPORTION OF OWNERSHIP INTERESTS HELD BY NON-CONTROLLING INTERESTS		PAID-UP CAPITAL	
			2013	2012	2013	2012	2013	2012
Maxis Mobile Sdn. Bhd. (229892-M)	Malaysia	Operator of mobile telecommunications for special niche projects such as Universal Service Provision, provider of corporate support and services functions to the intermediate holding companies and fellow subsidiaries and provider of hire purchase facility to a fellow subsidiary	**100%**	100%	**–**	–	**RM2,500,002**	RM2,500,002
Maxis Mobile Services Sdn. Bhd. (73315-V)	Malaysia	Provider of mobile telecommunications products and services	**100%**	100%	**–**	–	**RM1,293,884,000**	RM1,293,884,000
Maxis Multimedia Sdn. Bhd. (530188-A)	Malaysia	Provider of multimedia related services (dormant)	**100%**	100%	**–**	–	**RM2**	RM2
Subsidiary of Advanced Wireless Technologies Sdn. Bhd.								
UMTS (Malaysia) Sdn. Bhd. (520422-D)	Malaysia	3G spectrum assignment holder	**75%**	75%	**25%**	25%	**RM2,500,002**	RM2,500,002

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

NAME	COUNTRY OF INCORPORATION AND PLACE OF BUSINESS	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTERESTS HELD BY THE GROUP		PROPORTION OF OWNERSHIP INTERESTS HELD BY NON-CONTROLLING INTERESTS		PAID-UP CAPITAL	
			2013	2012	2013	2012	2013	2012
<u>Subsidiary of Maxis Broadband Sdn. Bhd.</u>								
Maxis Online Sdn. Bhd. (235849-A)	Malaysia	Holder of investments (dormant)	**100%**	100%	**–**	–	**RM2**	RM2
<u>Subsidiary of Maxis Mobile Sdn. Bhd.</u>								
Maxis Mobile (L) Ltd (LL-01709)(1)	Malaysia	Holder of investments	**100%**	100%	**–**	–	**USD10,000**	USD10,000
<u>Subsidiary of Maxis International Sdn. Bhd.</u>								
Maxis Asia Access Pte. Ltd. (200001826C)(2) (3)	Republic of Singapore	Provider of international telecommunications services	**100%**	100%	**–**	–	**SGD2**	SGD2

Notes:
(1) Maxis Mobile (L) Ltd is a company registered under the Labuan Companies Act, 1990, with shares issued in USD.
(2) Maxis Asia Access Pte. Ltd. ("MAA") is a company established under the Companies Act, Cap. 50 of the Republic of Singapore, with shares issued in SGD. MAA has commenced member's voluntary winding up on 17 December 2013.
(3) Not audited by PwC.

As at the reporting date, the total non-controlling interest is RM14,980,000 (2012: RM8,187,000) in respect of Advanced Wireless Technologies Sdn. Bhd. and its wholly-owned subsidiary, which is not material to the Group.

19 FINANCIAL INSTRUMENTS BY CATEGORY

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Financial assets:					
Loans to subsidiaries	17	**–**	–	**1,355,703**	1,325,916
Receivables and deposits	24	**800,898**	734,994	**29**	252
Amounts due from subsidiaries	17	**–**	–	**124**	52
Amount due from a fellow subsidiary	25	**–**	1,674	**–**	–
Amount due from penultimate holding company	25	**302**	446	**36**	1
Amounts due from related parties	26	**23,519**	12,929	**–**	–
Cash and cash equivalents	27	**807,946**	967,498	**160,639**	469,800
Loans and receivables		**1,632,665**	1,717,541	**1,516,531**	1,796,021
Available-for-sale investment	20	**50**	50	**–**	–
Derivative financial instruments	21	**144,750**	28,196	**144,750**	28,196
Financial liabilities:					
Payables and accruals	29	**1,600,851**	1,697,279	**2,543**	866
Amounts due to subsidiaries	17	**–**	–	**2,616**	1,101
Amounts due to fellow subsidiaries	25	**3,648**	29	**–**	–
Amounts due to related parties	26	**23,225**	25,928	**–**	–
Loans from a subsidiary	17	**–**	–	**400,000**	–
Loan from a related party	26	**28,875**	38,188	**–**	–
Borrowings	30	**7,523,275**	6,773,880	**7,505,323**	6,766,898
Other financial liabilities		**9,179,874**	8,535,304	**7,910,482**	6,768,865
Derivative financial instruments	21	**117,128**	398,036	**117,128**	398,036

20 AVAILABLE-FOR-SALE INVESTMENT

	GROUP 2013 RM'000	GROUP 2012 RM'000
Unquoted shares, at cost	**50**	50

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

21 DERIVATIVE FINANCIAL INSTRUMENTS

	NOTE	GROUP AND COMPANY 2013 ASSETS RM'000	2013 LIABILITIES RM'000	2012 ASSETS RM'000	2012 LIABILITIES RM'000
Current					
Cross Currency Interest Rate Swaps ("CCIRS"):	(a)				
- cash flow hedge on USD denominated borrowings		**–**	**83,609**	–	–
		–	**83,609**	–	–
Non-current					
CCIRS:	(a)				
- cash flow hedge on USD denominated borrowings		**70,139**	**33,519**	–	398,036
- cash flow hedge on SGD denominated borrowings		**18,379**	**–**	3,677	–
		88,518	**33,519**	3,677	398,036
Interest Rate Swaps ("IRS"):	(b)				
- cash flow hedge on RM denominated borrowings		**56,232**	**–**	24,519	–
		144,750	**33,519**	28,196	398,036
		144,750	**117,128**	28,196	398,036

21 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

(a) CCIRS

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

21 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

(b) IRS

COM-MENCEMENT DATE	CONTRACT/ NOTIONAL AMOUNT RM'000	INTEREST RATE
17 July 2012	**200,000**	The Group and Company pay a fixed interest rate of 3.50% per annum in exchange for receiving KLIBOR on the notional principal amount.
25 July 2012	**500,000**	The Group and Company pay a fixed interest rate of 3.43% per annum in exchange for receiving KLIBOR on the notional principal amount.

At the reporting date, the Group and the Company have recognised derivative financial assets and derivative financial liabilities of RM144,750,000 (2012: RM28,196,000) and RM117,128,000 (2012: RM398,036,000) respectively, a reduction in fair value losses by RM397,462,000 (2012: an increase in fair value losses by RM6,864,000) from the prior financial year, on remeasuring the fair values of the derivative financial instruments. The corresponding movement has been included in equity in the cash flow hedging reserve.

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

For the financial year ended 31 December 2012, RM109,833,000 was reclassified to the statements of profit or loss to offset the unrealised foreign exchange gain of RM109,230,000 which arose from the strengthening RM against USD offset by the weakening RM against SGD, and recognition of additional interest expense of RM603,000 as the underlying interest rates were lower than the hedged interest rates on the borrowings. This has resulted in a debit balance in the cash flow hedging reserve as at 31 December 2012 of RM105,680,000.

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

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

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

22 DEFERRED TAXATION

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

	GROUP	
	2013 RM'000	2012 RM'000
Deferred tax assets	**127,618**	121,003
Deferred tax liabilities	**(495,585)**	(548,070)
	(367,967)	(427,067)

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2013
Continued

22 DEFERRED TAXATION (CONTINUED)

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

	GROUP 2013 RM'000	GROUP 2012 RM'000
Deferred tax assets:		
- to be recovered after more than 12 months	**9**	3
- to be recovered within 12 months	**127,609**	121,000
	127,618	121,003
Deferred tax liabilities:		
- to be recovered after more than 12 months	**(495,585)**	(548,070)
	(495,585)	(548,070)
Deferred tax liabilities (net)	**(367,967)**	(427,067)

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

GROUP	NOTE	PROPERTY, PLANT AND EQUIPMENT RM'000	INTANGIBLE ASSETS RM'000	DEFERRED INCOME RM'000	PROVISIONS AND ACCRUALS RM'000	INVESTMENT ALLOWANCE RM'000	OTHERS RM'000	TOTAL RM'000
As at 1 January 2013		**(829,466)**	**(56,383)**	**84,364**	**288,317**	**81,048**	**5,053**	**(427,067)**
Credited/(charged) to statement of profit or loss:	12							
- relating to origination and reversal of temporary differences		**25,551**	**5,094**	**10,809**	**20,406**	**(16,806)**	**(2,854)**	**42,200**
- relating to changes in tax rate		**18,980**	**–**	**–**	**(2,080)**	**–**	**–**	**16,900**
As at 31 December 2013		**(784,935)**	**(51,289)**	**95,173**	**306,643**	**64,242**	**2,199**	**(367,967)**
As at 1 January 2012		(916,896)	(33,295)	88,742	259,667	171,411	173	(430,198)
Credited/(charged) to statement of profit or loss:	12							
- relating to origination/ recognition and reversal of temporary differences		87,430	(23,088)	(4,378)	28,650	(90,363)	4,880	3,131
As at 31 December 2012		(829,466)	(56,383)	84,364	288,317	81,048	5,053	(427,067)

22 DEFERRED TAXATION (CONTINUED)

	GROUP	
	2013 RM'000	2012 RM'000
Deferred tax assets (before offsetting):		
- deferred income	**95,173**	84,364
- provisions and accruals	**306,643**	288,317
- investment allowance	**64,242**	81,048
- others	**2,652**	5,412
	468,710	459,141
Offsetting	**(341,092)**	(338,138)
Deferred tax assets (after offsetting)	**127,618**	121,003
Deferred tax liabilities (before offsetting):		
- property, plant and equipment	**(784,935)**	(829,466)
- intangible assets	**(51,289)**	(56,383)
- others	**(453)**	(359)
	(836,677)	(886,208)
Offsetting	**341,092**	338,138
Deferred tax liabilities (after offsetting)	**(495,585)**	(548,070)

23 INVENTORIES

	GROUP	
	2013 RM'000	2012 RM'000
Telecommunications materials and supplies	**6,905**	12,022
Telecommunications equipment[1]	**–**	11,256
Devices	**63,528**	94,552
	70,433	117,830

Note:
[1] During the financial year ended 31 December 2013, the Group has reclassified telecommunications equipment from inventories to property, plant and equipment as disclosed in Note 15 to the financial statements.

The Group reversed RM3,533,000 (2012: RM6,578,000) in respect of part of an inventory write down that was not required subsequently as the Group was able to utilise those inventories.

24 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Trade receivables	(a)	**668,537**	641,283	**–**	–
Other receivables		**106,016**	70,487	**29**	252
Deposits		**96,555**	99,999	**–**	–
Prepayments		**145,822**	187,290	**419**	511
		1,016,930	999,059	**448**	763
Allowance for impairment:	(b)				
- trade receivables		**(46,503)**	(56,368)	**–**	–
- other receivables		**(13,020)**	(8,317)	**–**	–
- deposits		**(10,687)**	(12,090)	**–**	–
		(70,210)	(76,775)	**–**	–
		946,720	922,284	**448**	763

(a) Trade receivables

The Group's credit policy provides trade receivables with credit periods of up to 30 days (2012: 30 days). The Group has no significant exposure to any individual customer, geographical location or industry category. Significant credit and recovery risks associated with receivables have been provided for in the financial statements.

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

	GROUP 2013 RM'000	GROUP 2012 RM'000
Subscribers:		
- individual	**337,204**	285,079
- corporate	**131,419**	138,566
Interconnect and roaming:		
- domestic	**87,358**	119,475
- international	**60,754**	43,189
Distributors	**51,802**	54,974
	668,537	641,283

Trade receivables are secured by subscribers' deposits and bank guarantees of RM41,024,000 (2012: RM36,189,000) and RM50,950,000 (2012: RM53,450,000) respectively.

24 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(a) Trade receivables (continued)

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

	GROUP 2013 RM'000	GROUP 2012 RM'000
Neither past due nor impaired	**503,623**	473,206
1 to 90 days past due not impaired	**8,535**	17,152
91 to 180 days past due not impaired	**1,107**	1,379
More than 180 days past due not impaired	**574**	5,211
	513,839	496,948
Impaired [1]:		
- collectively	**128,019**	109,275
- individually[2]	**26,679**	35,060
	154,698	144,335
	668,537	641,283

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

Trade receivables that are neither past due nor impaired

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

Trade receivables that are past due but not impaired

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

(b) Allowance for impairment

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

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000
As at 1 January		**76,775**	88,757
Charged to statements of profit or loss	7	**109,331**	117,149
Reversed from statements of profit or loss	7	**(25,576)**	(20,072)
Amount written off		**(90,320)**	(109,059)
As at 31 December		**70,210**	76,775

25 FELLOW SUBSIDIARIES AND PENULTIMATE HOLDING COMPANY BALANCES

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current assets:				
- amount due from a fellow subsidiary	**–**	1,674	**–**	–
- amount due from penultimate holding company	**302**	446	**36**	1
Current liability:				
- amounts due to fellow subsidiaries	**(3,648)**	(29)	**–**	–
	(3,346)	2,091	**36**	1

The amounts due from/(to) fellow subsidiaries and penultimate holding company are unsecured, non-interest bearing and with 30 days credit period (2012: 30 days).

26 RELATED PARTIES BALANCES

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000
Current asset:			
- amounts due from related parties	(a)	**23,519**	12,929
Current liability:			
- amounts due to related parties	(a)	**(23,225)**	(25,928)
Non-current liability:			
- loan from a related party	(b)	**(28,875)**	(38,188)

(a) The amounts due from/(to) related parties are trade in nature, unsecured, interest free and ranging from 1 to 60 days credit period (2012: 1 to 60 days).

(b) Loan from a related party is unsecured and is denominated in RM. The principal and interest of the loan are repayable at the end of five years from the drawdown date of 9 December 2005 and has been extended for another five years, expiring on 9 December 2015, with the outstanding interest at the extension date being capitalised. During the financial year, the Group has partially repaid the principal and interest of RM11,586,000 (2012: RM Nil). The effective interest rate as at the reporting date is 7.60% per annum (2012: 7.60%).

27 CASH AND CASH EQUIVALENTS

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

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits with licensed banks	**708,023**	881,585	**160,424**	468,693
Cash and bank balances	**99,923**	85,913	**215**	1,107
Cash and cash equivalents	**807,946**	967,498	**160,639**	469,800

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

Deposits with licensed banks of the Group and of the Company at the end of the financial year have an average maturity of 9 days (2012: 17 days) and 6 days (2012: 19 days) respectively. Bank balances are deposits held at call with banks.

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

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Local licensed banks[1]:				
- AAA	**407,482**	783,607	**908**	400,484
- AA1	**89,698**	88	**–**	–
- AA2	**302,186**	168,607	**159,731**	69,316
Offshore licensed bank[2]:				
- Aa2	**31**	37	**–**	–
- A1	**8,220**	14,536	**–**	–
	807,617	966,875	**160,639**	469,800

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

28 PROVISIONS FOR LIABILITIES AND CHARGES

GROUP	NOTE	SITE RECTIFICATION AND DECOMMISSIONING WORKS RM'000	CONTRACT OBLIGATIONS AND LEGAL CLAIMS RM'000	STAFF INCENTIVE SCHEME RM'000	CTS COSTS RM'000	TOTAL RM'000
As at 1 January 2013		**111,276**	**13,450**	**49,676**	**–**	**174,402**
Capitalised during the financial year		**2,245**	**–**	**–**	**–**	**2,245**
Changes in costs estimate on provision for site decommissioning works:						
- included in finance costs	11(b)	**(4,941)**	**–**	**–**	**–**	**(4,941)**
- included in property, plant and equipment		**1,103**	**–**	**–**	**–**	**1,103**
Charged to statement of profit or loss:						
- included in profit from operations	7	**191**	**64,820**	**38,745**	**40,712**	**144,468**
- included in finance costs	11(b)	**11,584**	**–**	**–**	**–**	**11,584**
Paid during the financial year		**(1,619)**	**(1,800)**	**(31,881)**	**(21,343)**	**(56,643)**
Reversed from statement of profit or loss	7	**(1,599)**	**(7,292)**	**(18,300)**	**–**	**(27,191)**
As at 31 December 2013		**118,240**	**69,178**	**38,240**	**19,369**	**245,027**
As at 1 January 2012		103,788	9,350	45,002	–	158,140
Capitalised during the financial year		1,164	–	–	–	1,164
Changes in costs estimate on provision for site decommissioning works:						
- included in finance costs	11(b)	(13,999)	–	–	–	(13,999)
- included in property, plant and equipment		12,379	–	–	–	12,379
Charged to statement of profit or loss:						
- included in profit from operations	7	–	4,100	50,092	–	54,192
- included in finance costs	11(b)	11,753	–	–	–	11,753
Paid during the financial year		(2,369)	–	(36,401)	–	(38,770)
Reversed from statement of profit or loss	7	(1,440)	–	(9,017)	–	(10,457)
As at 31 December 2012		111,276	13,450	49,676	–	174,402

28 PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

GROUP	SITE RECTIFICATION AND DECOMMISSIONING WORKS RM'000	CONTRACT OBLIGATIONS AND LEGAL CLAIMS RM'000	STAFF INCENTIVE SCHEME RM'000	CTS COSTS RM'000	TOTAL RM'000
Represented by:					
Current liabilities	**8,686**	**69,178**	**38,240**	**19,369**	**135,473**
Non-current liabilities	**109,554**	**–**	**–**	**–**	**109,554**
As at 31 December 2013	**118,240**	**69,178**	**38,240**	**19,369**	**245,027**
Current liabilities	8,955	13,450	49,676	–	72,081
Non-current liabilities	102,321	–	–	–	102,321
As at 31 December 2012	111,276	13,450	49,676	–	174,402

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

Site rectification and decommissioning works

As at 31 December 2013, a provision of RM118,240,000 (2012: RM111,276,000) has been recognised for dismantling, removal and site restoration costs. The provision is estimated using the assumption that decommissioning will only take place upon the expiry of the lease terms (inclusive of secondary terms) of 15 to 30 years (2012: 15 to 30 years). The provision has been estimated based on the current conditions of the sites, at the estimated costs to be incurred upon the expiry of lease terms and discounted at the current market interest rate available to the Group.

Contract obligations and legal claims

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

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2013
Continued

29 PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current				
Intercarrier and roaming payables	**70,495**	86,490	**–**	–
Intercarrier and roaming accruals	**70,159**	78,755	**–**	–
Subscribers' deposits	**136,563**	165,037	**–**	–
Trade payables	**493,975**	744,353	**–**	–
Trade accruals	**358,818**	406,235	**–**	–
Other payables	**100,209**	100,819	**285**	491
Other accruals	**545,988**	599,254	**2,258**	375
Advance payments from subscribers	**54,923**	53,641	**–**	–
Deferred income	**373,392**	320,511	**–**	–
Payroll liabilities	**5,681**	5,927	**–**	–
Government grant	**223,548**	72,317	**–**	–
	2,433,751	2,633,339	**2,543**	866
Non-current				
Trade payables	**371,620**	118,287	**–**	–
	2,805,371	2,751,626	**2,543**	866

Current trade payables and other payables of the Group and of the Company carry credit periods of up to 120 days (2012: 120 days). The Group's current and non-current trade payables include an amount of RM237,130,000 (2012: RM58,597,000), denominated in USD, which is payable under deferred payment schemes, repayable on a half-yearly basis in 10 to 11 equal instalments commencing from 30 or 36 months from the commencement dates of the contracts and carry interest rates ranging from 2.19% to 2.55% (2012: 2.28% to 2.71%) per annum as at the reporting date.

In the prior year, the Group's other accruals include lease equalisation for office buildings with the remaining lease periods of five months.

30 BORROWINGS

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Current					
Secured					
Finance lease liabilities	(a)	**6,157**	2,061	**–**	–
Unsecured					
Revolving credit	(b)	**500,000**	–	**500,000**	–
Syndicated term loan	(c)	**403,946**	–	**403,946**	–
		910,103	2,061	**903,946**	–
Non-current					
Secured					
Finance lease liabilities	(a)	**11,795**	4,921	**–**	–
Unsecured					
Syndicated term loans	(c)	**2,371,836**	2,583,174	**2,371,836**	2,583,174
Term loans	(d)	**1,746,791**	1,701,278	**1,746,791**	1,701,278
Islamic Medium Term Notes	(e)	**2,482,750**	2,482,446	**2,482,750**	2,482,446
		6,613,172	6,771,819	**6,601,377**	6,766,898
		7,523,275	6,773,880	**7,505,323**	6,766,898

(a) Finance lease liabilities

The Group leased certain assets under finance lease with terms of four to five years (2012: five years). The finance leases have remaining terms of two to four years (2012: three to four years) which the Group has options for another one to five years extension subject to renewal conditions by the lessor for certain leased assets.

The weighted average effective interest rate of the Group's finance lease liabilities is 11.91% (2012: 5.78%) per annum. These leases are effectively secured as the rights to the leased assets revert to the lessor in the event of defaults.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2013
Continued

30 BORROWINGS (CONTINUED)

(a) Finance lease liabilities (continued)

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

	GROUP 2013 RM'000	2012 RM'000
Not later than one year	**7,878**	2,411
Later than one year and not later than five years	**13,775**	5,252
	21,653	7,663
Less: Future finance charges	**(3,701)**	(681)
Present value	**17,952**	6,982
Representing lease liabilities:		
- current	**6,157**	2,061
- non-current	**11,795**	4,921
	17,952	6,982

(b) Current unsecured revolving credit

During the financial year, the Company had drawn down a RM500,000,000 revolving credit facility and is repayable in one lump sum on loan maturity date, 23 September 2014.

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

(i) USD750,000,000 syndicated term loan

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

(ii) USD100,000,000 syndicated term loan

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

30 BORROWINGS (CONTINUED)

(d) Non-current unsecured term loans

(i) RM2,450,000,000 term loan

This term loan raised in 2010 was partly repaid in 2011 and fully settled during the 2012 financial year.

(ii) RM1,000,000,000 term loan

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

(iii) USD100,000,000 term loans

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

(iv) SGD70,000,000 term loan

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

(v) USD75,000,000 term loan

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

(e) Islamic Medium Term Notes

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

On the same date, the Company made the first issuance under the Sukuk Programme of RM2.45 billion nominal value with a tenure of 10 years ("Sukuk Musharakah") with the profit being payable semi-annually.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

30 BORROWINGS (CONTINUED)

Contractual terms of borrowings

GROUP	CONTRACTUAL INTEREST RATE/ PROFIT MARGIN AT REPORTING DATE (PER ANNUM) %	FUNCTIONAL CURRENCY/ CURRENCY EXPOSURE	TOTAL CARRYING AMOUNT RM'000	MATURITY PROFILE < 1 YEAR RM'000	1-2 YEARS RM'000	2-5 YEARS RM'000	> 5 YEARS RM'000
At 31 December 2013							
Secured							
Finance lease liabilities		RM/RM	17,952	6,157	5,313	6,482	–
Unsecured							
Revolving credit	0.55% + COF(1)	RM/RM	500,000	500,000	–	–	–
Syndicated term loans	1.35% - 1.60% + LIBOR(2)	RM/USD	2,775,782	403,946	807,429	1,239,367	325,040
Term loans	0.75% + COF(1)	RM/RM	996,122	–	–	–	996,122
	1.50% - 1.60% + LIBOR(2)	RM/USD	570,360	–	–	–	570,360
	1.25% + SOR(3)	RM/SGD	180,309	–	–	–	180,309
Islamic Medium Term Notes	5.00%	RM/RM	2,482,750	–	–	–	2,482,750
			7,523,275	910,103	812,742	1,245,849	4,554,581
At 31 December 2012							
Secured							
Finance lease liabilities		RM/RM	6,982	2,061	2,183	2,738	–
Unsecured							
Syndicated term loans	1.35% - 1.60% + LIBOR(2)	RM/USD	2,583,174	–	368,746	1,911,818	302,610
Term loans	0.75% + COF(1)	RM/RM	995,692	–	–	–	995,692
	1.50% - 1.60% + LIBOR(2)	RM/USD	531,556	–	–	–	531,556
	1.25% + SOR(3)	RM/SGD	174,030	–	–	–	174,030
Islamic Medium Term Notes	5.00%	RM/RM	2,482,446	–	–	–	2,482,446
			6,773,880	2,061	370,929	1,914,556	4,486,334

Notes:

(1) COF denotes Cost of Funds.

(2) LIBOR denotes London Interbank Offered Rate.

(3) SOR denotes Singapore Swap Offer Rate.

30 BORROWINGS (CONTINUED)

Contractual terms of borrowings (continued)

COMPANY	CONTRACTUAL INTEREST RATE/ PROFIT MARGIN AT REPORTING DATE (PER ANNUM) %	FUNCTIONAL CURRENCY/ CURRENCY EXPOSURE	TOTAL CARRYING AMOUNT RM'000	MATURITY PROFILE < 1 YEAR RM'000	1-2 YEARS RM'000	2-5 YEARS RM'000	> 5 YEARS RM'000
At 31 December 2013							
Unsecured							
Revolving credit	**0.55% + COF(1)**	**RM/RM**	**500,000**	**500,000**	**–**	**–**	**–**
Syndicated term loans	**1.35% - 1.60% + LIBOR(2)**	**RM/USD**	**2,775,782**	**403,946**	**807,429**	**1,239,367**	**325,040**
Term loans	**0.75% + COF(1)**	**RM/RM**	**996,122**	**–**	**–**	**–**	**996,122**
	1.50% - 1.60% + LIBOR(2)	**RM/USD**	**570,360**	**–**	**–**	**–**	**570,360**
	1.25% + SOR(3)	**RM/SGD**	**180,309**	**–**	**–**	**–**	**180,309**
Islamic Medium Term Notes	**5.00%**	**RM/RM**	**2,482,750**	**–**	**–**	**–**	**2,482,750**
			7,505,323	**903,946**	**807,429**	**1,239,367**	**4,554,581**
At 31 December 2012							
Unsecured							
Syndicated term loans	1.35% - 1.60% + LIBOR(2)	RM/USD	2,583,174	–	368,746	1,911,818	302,610
Term loans	0.75% + COF(1)	RM/RM	995,692	–	–	–	995,692
	1.50% - 1.60% + LIBOR(2)	RM/USD	531,556	–	–	–	531,556
	1.25% + SOR(3)	RM/SGD	174,030	–	–	–	174,030
Islamic Medium Term Notes	5.00%	RM/RM	2,482,446	–	–	–	2,482,446
			6,766,898	–	368,746	1,911,818	4,486,334

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

31 SHARE CAPITAL

(a) Share capital

	GROUP AND COMPANY 2013 AND 2012 NUMBER OF SHARES '000	NOMINAL VALUE RM'000
Authorised ordinary shares of RM0.10 each		
As at 1 January/31 December	**12,000,000**	**1,200,000**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

31 SHARE CAPITAL (CONTINUED)

(b) ESOS

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

An ESOS Committee comprising Directors of the Company has been set up to administer the ESOS. The ESOS Committee may from time to time offer share options to eligible employees and eligible directors of the Group and of the Company to subscribe for new ordinary shares of RM0.10 each in the Company.

The salient features of the ESOS are as follows:

(i) The total number of shares which may be issued under the ESOS shall not exceed in aggregate 250,000,000 during the existence of the ESOS save and except for any circumstances which may be specified in the Bye-Laws;

(ii) Subject to the discretion of the Directors, any employee of the Company and its subsidiaries who has a written employment contract and any director (executive or non-executive) of the Company, shall be eligible to participate in the ESOS;

(iii) The number of new shares that may be offered under the ESOS shall be at the discretion of the Directors after taking into consideration the performance, seniority and number of years of service as well as the employees' actual or potential contribution to the Group;

(iv) In the event of a change in the capital structure of the Company except under certain circumstances, the Directors may make or provide for adjustments to be made in the share options price and/or in the number of shares covered by outstanding share options as the Directors at their discretion, may in good faith determine to be equitably required in order to prevent dilution or enlargement of the rights of the optionee or provide for adjustments in the number of shares to give the optionee the same proportion of the issued ordinary share capital of the Company to which the optionee was previously entitled;

(v) The subscription price upon the exercise of the share options under the ESOS shall be the weighted average market price quoted for the five market days immediately preceding the date on which the share options are granted;

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

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

(viii) The optionees have no right to participate by virtue of the share options in any share issue of any other company. However, shares issued upon the exercise of the share options shall rank pari passu in all respects with the then existing issued shares save that they will not entitle the holders thereof to receive any rights or bonus issues or dividends or distributions the entitlement date of which precedes the date of issue of the shares.

31 SHARE CAPITAL (CONTINUED)

(b) ESOS (continued)

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

			NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.10 EACH IN THE COMPANY					
GRANT DATE	EXPIRY DATE	EXERCISE PRICE RM/SHARE	OUTSTANDING AS AT 1.1.2013 '000	GRANTED '000	EXERCISED '000	FORFEITED/ LAPSED '000	OUTSTANDING AS AT 31.12.2013 '000	EXERCISABLE AS AT 31.12.2013 '000
2013								
1 July 2011	17 September 2019	5.45	10,079	–	(1,930)	(420)	7,729	5,410
1 July 2012	17 September 2019	6.41	19,820	–	(932)	(1,097)	17,791	7,824
1 July 2013	17 September 2019	6.78	–	13,559	(20)	(471)	13,068	1,725
			29,899	13,559	(2,882)	(1,988)	38,588	14,959
Weighted average exercise price (RM per share)			6.09	6.78	5.77	6.29	6.34	6.11

			NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.10 EACH IN THE COMPANY					
GRANT DATE	EXPIRY DATE	EXERCISE PRICE RM/SHARE	OUTSTANDING AS AT 1.1.2012 '000	GRANTED '000	EXERCISED '000	FORFEITED '000	OUTSTANDING AS AT 31.12.2012 '000	EXERCISABLE AS AT 31.12.2012 '000
2012								
1 July 2011	17 September 2019	5.45	11,306	–	(571)	(656)	10,079	3,347
1 July 2012	17 September 2019	6.41	–	20,415	(2)	(593)	19,820	255
			11,306	20,415	(573)	(1,249)	29,899	3,602
Weighted average exercise price (RM per share)			5.45	6.41	5.45	5.91	6.09	5.52

The share options exercised during the financial year resulted in 2,881,900 shares (2012: 572,900) being issued and the related weighted average share price at the date of exercise was RM6.97 (2012: RM6.77) per share.

The weighted average remaining contractual life for the share options as at the reporting date is 5 years 8 months (2012: 6 years 8 months).

31 SHARE CAPITAL (CONTINUED)

(b) ESOS (continued)

The weighted average fair value of share options granted during the financial year determined using a modified Black Scholes model was RM0.41 (2012: RM0.28). The key inputs into the model were:

	GROUP AND COMPANY	
	2013 RM'000	2012 RM'000
Valuation assumptions:		
Weighted average share price at date of grant (per share)	**RM6.78**	RM6.41
Exercise price (per share)	**RM6.78**	RM6.41
Expected volatility	**10.25%**	9.8%
Expected share option life	**6.2 years**	7.2 years
Expected dividend yield per annum	**5.2%**	5.5%
Risk-free interest rate per annum	**3.8%**	3.5%

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

Value of employee services received for issue of share options:

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Share options granted to employees	**4,353**	2,427	**4,353**	2,427
Allocation to subsidiaries for share options granted to the employees of the subsidiaries	**–**	–	**(4,353)**	(2,427)
Total expense recognised as share-based payment	**4,353**	2,427	**–**	–

32 RESERVES

(a) Merger relief

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

32 RESERVES (CONTINUED)

(b) Reserve arising from reverse acquisition

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

(c) Other reserves

GROUP	NOTE	SHARE-BASED PAYMENTS IN RELATION TO THE LISTING RM'000	SHARE OPTIONS RM'000	CASH FLOW HEDGING RM'000	CURRENCY TRANSLATION DIFFERENCES RM'000	TOTAL RM'000
2013						
As at 1 January 2013		**53,074**	**2,964**	**(105,680)**	**(20)**	**(49,662)**
Currency translation differences		**–**	**–**	**–**	**(29)**	**(29)**
Net change in hedging:						
- fair value gains		**–**	**–**	**397,462**	**–**	**397,462**
- reclassified to finance costs	11(b)	**–**	**–**	**(230,518)**	**–**	**(230,518)**
Share options granted		**–**	**4,353**	**–**	**–**	**4,353**
Shares issued		**–**	**(694)**	**–**	**–**	**(694)**
Share options lapsed		**–**	**(8)**	**–**	**–**	**(8)**
As at 31 December 2013		**53,074**	**6,615**	**61,264**	**(49)**	**120,904**
2012						
As at 1 January 2012		53,074	668	(208,649)	15	(154,892)
Currency translation differences		–	–	–	(35)	(35)
Net change in hedging:						
- fair value losses		–	–	(6,864)	–	(6,864)
- reclassified to finance costs	11(b)	–	–	109,833	–	109,833
Share options granted		–	2,427	–	–	2,427
Shares issued		–	(131)	–	–	(131)
As at 31 December 2012		53,074	2,964	(105,680)	(20)	(49,662)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

32 RESERVES (CONTINUED)

(c) Other reserves (continued)

COMPANY	NOTE	SHARE-BASED PAYMENTS IN RELATION TO THE LISTING RM'000	SHARE OPTIONS RM'000	CASH FLOW HEDGING RM'000	TOTAL RM'000
2013					
As at 1 January 2013		**53,074**	**2,964**	**(105,680)**	**(49,642)**
Net change in hedging:					
- fair value gains		**–**	**–**	**397,462**	**397,462**
- reclassified to finance costs	11(b)	**–**	**–**	**(230,518)**	**(230,518)**
Share options granted		**–**	**4,353**	**–**	**4,353**
Shares issued		**–**	**(694)**	**–**	**(694)**
Share options lapsed		**–**	**(8)**	**–**	**(8)**
As at 31 December 2013		**53,074**	**6,615**	**61,264**	**120,953**
2012					
As at 1 January 2012		53,074	668	(208,649)	(154,907)
Net change in hedging:					
- fair value losses		–	–	(6,864)	(6,864)
- reclassified to finance costs	11(b)	–	–	109,833	109,833
Share options granted		–	2,427	–	2,427
Shares issued		–	(131)	–	(131)
As at 31 December 2012		53,074	2,964	(105,680)	(49,642)

The share-based payment reserve represents discount on shares issued to retail investors in relation to the Listing.

The share options reserve comprises fair value share options granted less any shares issued under the ESOS. When share options are exercised, the proceeds received from the exercise of these share options together with the corresponding share options reserve, net of any directly attributable transactions costs are transferred to share capital (nominal value) and share premium. If the share options expire or lapse, the corresponding share options reserve attributable to these share options is transferred to retained earnings.

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

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

33 FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

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

(i) Foreign exchange risk

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

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

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

GROUP	CURRENCY EXPOSURE AT 31 DECEMBER 2013 SGD RM'000	USD RM'000	SDR RM'000	GBP RM'000	OTHERS RM'000
Functional currency Ringgit Malaysia					
Receivables	7	30,397	23,455	–	–
Deposits, bank and cash balances	–	13,073	–	–	31
Payables	(118)	(302,901)	(29,747)	(216)	(342)
Amounts due from related parties, net	–	7,471	105	–	49
Syndicated term loans	–	(2,775,782)	–	–	–
Term loans	(180,309)	(570,360)	–	–	–
Gross exposure	(180,420)	(3,598,102)	(6,187)	(216)	(262)
CCIRS:					
- syndicated term loans	–	2,775,782	–	–	–
- term loans	180,309	570,360	–	–	–
Net exposure	(111)	(251,960)	(6,187)	(216)	(262)

	CURRENCY EXPOSURE AT 31 DECEMBER 2012 SGD RM'000	USD RM'000	SDR RM'000	GBP RM'000	OTHERS RM'000
Functional currency Ringgit Malaysia					
Receivables	7	11,674	5,738	–	6
Deposits, bank and cash balances	–	16,489	–	–	37
Payables	(466)	(323,464)	(17,390)	(2,548)	(2,215)
Amounts due (to)/from related parties, net	–	(1,794)	4,856	–	(1,385)
Syndicated term loans	–	(2,583,174)	–	–	–
Term loans	(174,030)	(531,556)	–	–	–
Gross exposure	(174,489)	(3,411,825)	(6,796)	(2,548)	(3,557)
CCIRS:					
- syndicated term loans	–	2,583,174	–	–	–
- term loans	174,030	531,556	–	–	–
Net exposure	(459)	(297,095)	(6,796)	(2,548)	(3,557)

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

COMPANY	CURRENCY EXPOSURE AT 31 DECEMBER 2013				
	SGD RM'000	USD RM'000	SDR RM'000	GBP RM'000	OTHERS RM'000
Functional currency Ringgit Malaysia					
Deposits, bank and cash balances	–	1	–	–	–
Payables	–	–	–	–	–
Syndicated term loans	–	(2,775,782)	–	–	–
Term loans	(180,309)	(570,360)	–	–	–
Gross exposure	(180,309)	(3,346,141)	–	–	–
CCIRS:					
- syndicated term loans	–	2,775,782	–	–	–
- term loans	180,309	570,360	–	–	–
Net exposure	–	1	–	–	–

	CURRENCY EXPOSURE AT 31 DECEMBER 2012				
	SGD RM'000	USD RM'000	SDR RM'000	GBP RM'000	OTHERS RM'000
Functional currency Ringgit Malaysia					
Deposits, bank and cash balances	–	1	–	–	–
Payables	–	–	–	(32)	(4)
Syndicated term loans	–	(2,583,174)	–	–	–
Term loans	(174,030)	(531,556)	–	–	–
Gross exposure	(174,030)	(3,114,729)	–	(32)	(4)
CCIRS:					
- syndicated term loans	–	2,583,174	–	–	–
- term loans	174,030	531,556	–	–	–
Net exposure	–	1	–	(32)	(4)

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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

	IMPACT ON PROFIT BEFORE TAX FOR THE FOR THE FINANCIAL YEAR				IMPACT ON EQUITY[1]	
	GROUP		COMPANY		GROUP AND COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
USD/RM						
- strengthened 5% (2012: 5%)	**(12,598)**	(14,855)	–	–	**8,930**	11,040
- weakened 5% (2012: 5%)	**12,598**	14,855	–	–	**(8,930)**	(11,040)

Note:
[1] Represents cash flow hedging reserve

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

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

(ii) Interest rate risk

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

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

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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

GROUP	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE/ PROFIT MARGIN AT REPORTING DATE (PER ANNUM) %	TOTAL CARRYING AMOUNT RM'000	FLOATING INTEREST RATE < 1 YEAR RM'000	FIXED INTEREST RATE/PROFIT MARGIN < 1 YEAR RM'000	1-2 YEARS RM'000	2-5 YEARS RM'000	> 5 YEARS RM'000
At 31 December 2013							
Deposits with licensed banks	**3.18**	**708,023**	**–**	**708,023**	**–**	**–**	**–**
Trade payables	**2.48**	**(237,130)**	**(237,130)**	**–**	**–**	**–**	**–**
Finance lease liabilities	**11.91**	**(17,952)**	**–**	**(6,157)**	**(5,313)**	**(6,482)**	**–**
Revolving credit	**4.12**	**(500,000)**	**(500,000)**	**–**	**–**	**–**	**–**
Syndicated term loans	**1.87**	**(2,775,782)**	**(2,775,782)**	**–**	**–**	**–**	**–**
Term loans	**3.28**	**(1,746,791)**	**(1,746,791)**	**–**	**–**	**–**	**–**
Islamic Medium Term Notes	**5.01**	**(2,482,750)**	**–**	**–**	**–**	**–**	**(2,482,750)**
Loan from a related party	**7.60**	**(28,875)**	**(28,875)**	**–**	**–**	**–**	**–**
Gross exposure		**(7,081,257)**	**(5,288,578)**				
CCIRS and IRS:							
- syndicated term loans	**4.81**		**2,775,782**	**(403,946)**	**(807,429)**	**(1,239,367)**	**(325,040)**
- term loans	**4.33**		**942,939**	**–**	**–**	**–**	**(942,939)**
Net exposure			**(1,569,857)**				
At 31 December 2012							
Deposits with licensed banks	3.07	881,585	–	881,585	–	–	–
Trade payables	2.33	(58,597)	(58,597)	–	–	–	–
Finance lease liabilities	5.78	(6,982)	–	(2,061)	(2,183)	(2,738)	–
Syndicated term loans	1.94	(2,583,174)	(2,583,174)	–	–	–	–
Term loans	3.32	(1,701,278)	(1,701,278)	–	–	–	–
Islamic Medium Term Notes	5.01	(2,482,446)	–	–	–	–	(2,482,446)
Loan from a related party	7.60	(38,188)	(38,188)	–	–	–	–
Gross exposure		(5,989,080)	(4,381,237)				
CCIRS and IRS:							
- syndicated term loans	4.81		2,583,174	–	(368,746)	(1,911,818)	(302,610)
- term loans	4.33		926,188	–	–	–	(926,188)
Net exposure			(871,875)				

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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

COMPANY	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE/ PROFIT MARGIN AT REPORTING DATE (PER ANNUM) %	TOTAL CARRYING AMOUNT RM'000	FLOATING INTEREST RATE < 1 YEAR RM'000	FIXED INTEREST RATE/PROFIT MARGIN < 1 YEAR RM'000	1-2 YEARS RM'000	2-5 YEARS RM'000	> 5 YEARS RM'000
At 31 December 2013							
Loans to subsidiaries	4.98	1,355,703	150,000	–	–	1,205,703	–
Deposits with licensed banks	3.24	160,424	–	160,424	–	–	–
Loans from a subsidiary	4.85	(400,000)	(400,000)	–	–	–	–
Revolving credit	4.12	(500,000)	(500,000)	–	–	–	–
Syndicated term loans	1.87	(2,775,782)	(2,775,782)	–	–	–	–
Term loans	3.28	(1,746,791)	(1,746,791)	–	–	–	–
Islamic Medium Term Notes	5.01	(2,482,750)	–	–	–	–	(2,482,750)
Gross exposure		(6,389,196)	(5,272,573)				
CCIRS and IRS:							
- syndicated term loans	4.81		2,775,782	(403,946)	(807,429)	(1,239,367)	(325,040)
- term loans	4.33		942,939	–	–	–	(942,939)
Net exposure			(1,553,852)				
At 31 December 2012							
Loans to subsidiaries	4.91	1,325,916	120,430	–	–	1,205,486	–
Deposits with licensed banks	3.09	468,693	–	468,693	–	–	–
Syndicated term loans	1.94	(2,583,174)	(2,583,174)	–	–	–	–
Term loans	3.32	(1,701,278)	(1,701,278)	–	–	–	–
Islamic Medium Term Notes	5.01	(2,482,446)	–	–	–	–	(2,482,446)
Gross exposure		(4,972,289)	(4,164,022)				
CCIRS and IRS:							
- syndicated term loans	4.81		2,583,174	–	(368,746)	(1,911,818)	(302,610)
- term loans	4.33		926,188	–	–	–	(926,188)
Net exposure			(654,660)				

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The sensitivity of the Group's and of the Company's profit before tax for the financial year and equity to a reasonably possible change in RM and USD interest rates with all other factors held constant and based on composition of liabilities with floating interest rates at the reporting date are as follows:

	IMPACT ON PROFIT BEFORE TAX FOR THE FOR THE FINANCIAL YEAR				IMPACT ON EQUITY[1]	
	GROUP		COMPANY		GROUP AND COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
RM						
- increased by 0.5% (2012: 0.5%)	**(3,994)**	(1,659)	**(5,244)**	(891)	**22,735**	25,800
- decreased by 0.5% (2012: 0.5%)	**3,994**	1,659	**5,244**	891	**(22,735)**	(25,800)
USD						
- increased by 0.5% (2012: 0.5%)	**(1,186)**	(293)	**–**	–	**38,932**	52,515
- decreased by 0.5% (2012: 0.5%)	**1,186**	293	**–**	–	**(38,932)**	(52,515)

Note:
(1) Represents cash flow hedging reserve

The impacts on profit before tax for the financial year are mainly as a result of interest expenses/income on floating rate payables, loan from a related party and borrowings not in a designated hedging relationship. For borrowings in a designated hedging relationship, as these are effectively hedged, the interest rate movements will not have any impact on the statements of profit or loss.

(b) Credit risk

The objectives of the Group's and of the Company's credit risk management policies are to manage their exposure to credit risk from deposits, cash and bank balances, receivables, derivative financial instruments and inter-company loans. They do not expect any third parties to fail to meet their obligations given the Group's and the Company's policies of selecting creditworthy counterparties.

The Group has no significant concentration of credit risk as the Group's policy limits the concentration of financial exposure to any single counterparty. Credit risk of trade receivables is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via limiting the Group's dealings with creditworthy business partners and customers. Trade receivables are monitored on an on-going basis via the Group's management reporting procedures. At the Company level, inter-company loans exposure to bad debts is not significant since the subsidiaries do not have historical default.

For deposits, cash and bank balances, the Group and the Company seek to ensure that cash assets are invested safely and profitably by assessing counterparty risks and allocating placement limits for various creditworthy financial institutions. As for derivative financial instruments, the Group and the Company enter into the contracts with various reputable counterparties to minimise the credit risks. The Group and the Company consider the risk of material loss in the event of non-performance by the above parties to be unlikely. The Group's and the Company's maximum exposure to credit risk is equal to the carrying value of those financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

The objectives of the Group's and of the Company's liquidity risk management policies are to monitor rolling forecasts of the Group's and of the Company's liquidity requirements to ensure they have sufficient cash to meet operational and financing needs as and when they fall due, availability of funding by keeping committed credit lines and to meet external covenant compliance. Surplus cash held is invested in interest bearing money market deposits and time deposits. The Group and the Company are exposed to liquidity risk where there could be difficulty in raising funds to meet commitments associated with financial instruments.

The undiscounted contractual cash flow payables under the financial instruments as at the reporting date are as follows:

GROUP	TOTAL[1] RM'000	< 1 YEAR RM'000	1-2 YEARS RM'000	2-5 YEARS RM'000	> 5 YEARS RM'000
At 31 December 2013					
Payables and accruals[2]					
- principal	1,599,262	1,227,642	74,214	204,346	93,060
- interest[3]	22,006	5,905	5,405	9,325	1,371
Amounts due to fellow subsidiaries	3,648	3,648	–	–	–
Amounts due to related parties	23,225	23,225	–	–	–
Loan from a related party					
- principal	28,875	–	28,875	–	–
- interest[3]	4,257	–	4,257	–	–
Finance lease liabilities	21,653	7,878	6,509	7,266	–
Bank borrowings[2]					
- principal	5,040,829	905,591	811,181	1,241,353	2,082,704
- interest[3]	622,458	116,922	88,899	202,574	214,063
Islamic Medium Term Notes					
- nominal value	2,450,000	–	–	–	2,450,000
- profit[3]	1,041,754	121,829	122,500	367,836	429,589
Net settled derivative financial instruments (CCIRS and IRS)[2][3]	394,090	122,901	114,333	151,759	5,097
	11,252,057	2,535,541	1,256,173	2,184,459	5,275,884

Notes:

(1) As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile with the amounts disclosed in the statements of financial position.

(2) Foreign denominated financial instruments are translated to RM using closing rate as at the reporting date.

(3) Based on contractual interest rates/profit margin as at the reporting date.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The undiscounted contractual cash flow payables under the financial instruments as at the reporting date are as follows: (continued)

GROUP	TOTAL[1] RM'000	< 1 YEAR RM'000	1-2 YEARS RM'000	2-5 YEARS RM'000	> 5 YEARS RM'000
At 31 December 2012					
Payables and accruals[2]					
- principal	1,697,193	1,578,906	11,382	71,245	35,660
- interest[3]	7,377	1,453	1,518	3,899	507
Amounts due to fellow subsidiaries	29	29	–	–	–
Amounts due to related parties	25,928	25,928	–	–	–
Loan from a related party					
- principal	33,060	–	–	33,060	–
- interest[3]	12,514	–	–	12,514	–
Finance lease liabilities	7,663	2,411	2,411	2,841	–
Bank borrowings[2]					
- principal	4,310,236	–	378,489	1,915,386	2,016,361
- interest[3]	696,712	99,924	98,545	225,468	272,775
Islamic Medium Term Notes					
- nominal value	2,450,000	–	–	–	2,450,000
- profit[3]	1,164,925	122,500	122,500	367,836	552,089
Net settled derivative financial instruments (CCIRS and IRS)[2][3]	744,926	112,600	151,851	389,517	90,958
	11,150,563	1,943,751	766,696	3,021,766	5,418,350

Notes:
(1) As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile with the amounts disclosed in the statements of financial position.
(2) Foreign denominated financial instruments are translated to RM using closing rate as at the reporting date.
(3) Based on contractual interest rates/profit margin as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The undiscounted contractual cash flow payables under the financial instruments as at the reporting date are as follows: (continued)

COMPANY	TOTAL[1] RM'000	< 1 YEAR RM'000	1-2 YEARS RM'000	2-5 YEARS RM'000	> 5 YEARS RM'000
At 31 December 2013					
Payables and accruals	2,543	2,543	–	–	–
Amounts due to subsidiaries	2,616	2,616	–	–	–
Loans from a subsidiary	400,000	400,000	–	–	–
Bank borrowings[2]					
- principal	5,040,829	905,591	811,181	1,241,353	2,082,704
- interest[3]	622,458	116,922	88,899	202,574	214,063
Islamic Medium Term Notes					
- nominal value	2,450,000	–	–	–	2,450,000
- profit[3]	1,041,754	121,829	122,500	367,836	429,589
Net settled derivative financial instruments (CCIRS and IRS)[2][3]	394,090	122,901	114,333	151,759	5,097
	9,954,290	1,672,402	1,136,913	1,963,522	5,181,453
At 31 December 2012					
Payables and accruals	866	866	–	–	–
Amounts due to subsidiaries	1,101	1,101	–	–	–
Bank borrowings[2]					
- principal	4,310,236	–	378,489	1,915,386	2,016,361
- interest[3]	696,712	99,924	98,545	225,468	272,775
Islamic Medium Term Notes					
- nominal value	2,450,000	–	–	–	2,450,000
- profit[3]	1,164,925	122,500	122,500	367,836	552,089
Net settled derivative financial instruments (CCIRS and IRS)[2][3]	744,926	112,600	151,851	389,517	90,958
	9,368,766	336,991	751,385	2,898,207	5,382,183

Notes:

(1) As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile with the amounts disclosed in the statements of financial position.

(2) Foreign denominated financial instruments are translated to RM using closing rate as at the reporting date.

(3) Based on contractual interest rates/profit margin as at the reporting date.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk management

The Group's and the Company's objective when managing capital is to safeguard the Group's and the Company's abilities to continue as a going concern while at the same time provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders.

Under the requirement of Bursa Malaysia Securities Berhad Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity of more than 25 percent of the issued and paid up capital (excluding treasury shares) and maintain such shareholders' equity of not less than RM40 million. The Company has complied with this requirement.

The Company is also required by the external lenders to maintain financial covenant ratios on Group net debt to Group EBITDA and Group EBITDA to Group interest expense. These financial covenant ratios have been fully complied with by the Company for the financial years ended 31 December 2013 and 31 December 2012.

The Group also monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total interest bearing financial liabilities (include loan from a related party, current and non-current borrowings and derivative financial instruments on a net basis as shown in the statements of financial position but exclude deferred payment scheme as disclosed in Note 29 to the financial statements) less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the statements of financial position. The gearing ratios at 31 December 2013 and 31 December 2012 were as follows:

	NOTE	GROUP 2013 RM'000	 2012 RM'000
Total interest bearing financial liabilities		**7,524,528**	7,311,577
Less: Cash and cash equivalents	27	**(807,946)**	(967,498)
Net debt		**6,716,582**	6,344,079
Total equity		**6,016,816**	7,057,305
Gearing ratios		**1.1**	0.9

The increase in the gearing ratio as at 31 December 2013 is primarily due to the additional borrowings drawn down during the financial year and reduction in total equity.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2013
Continued

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value estimation

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximated their fair values except as set out below measured using Level 3 valuation technique:

		GROUP		COMPANY	
	NOTE	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
At 31 December 2013					
Financial asset:					
Loans to subsidiaries	17	**–**	**–**	**1,205,703**	**1,191,154**
Financial liability:					
Borrowings					
- finance lease liabilities	30(a)	**11,795**	**8,744**	**–**	**–**
- Islamic Medium Term Notes	30(e)	**2,482,750**	**2,463,073**	**2,482,750**	**2,463,073**
At 31 December 2012					
Financial asset:					
Loans to subsidiaries	17	–	–	1,205,486	1,192,548
Financial liability:					
Borrowings					
- finance lease liabilities	30(a)	4,921	4,604	–	–

The valuation technique used to derive the Level 3 is disclosed in Note 3(i) to the financial statements.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value estimation (continued)

(ii) Financial instruments carried at fair value

The following table represents the assets and liabilities measured at fair value, using Level 2 valuation technique, at reporting date:

	NOTE	GROUP AND COMPANY 2013 RM'000	GROUP AND COMPANY 2012 RM'000
Derivative financial instruments (CCIRS and IRS):			
- assets		**144,750**	28,196
- liabilities		**(117,128)**	(398,036)
	21	**27,622**	(369,840)

The valuation technique used to derive the Level 2 is disclosed in Note 3(i) to the financial statements.

(f) Offsetting financial assets and financial liabilities

(i) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar arrangements.

	GROSS AMOUNTS OF RECOGNISED FINANCIAL ASSETS RM'000	GROSS AMOUNTS OF RECOGNISED FINANCIAL LIABILITIES SET-OFF IN THE STATEMENT OF FINANCIAL POSITION RM'000	NET AMOUNTS OF FINANCIAL ASSETS PRESENTED IN THE STATEMENT OF FINANCIAL POSITION RM'000	RELATED AMOUNTS NOT SET-OFF IN THE STATEMENT OF FINANCIAL POSITION: FINANCIAL INSTRUMENTS RM'000	RELATED AMOUNTS NOT SET-OFF IN THE STATEMENT OF FINANCIAL POSITION: CASH COLLATERAL RECEIVED RM'000	NET AMOUNT RM'000
Group						
At 31 December 2013						
Receivables and deposits	**500,076**	**(116,884)**	**383,192**	**–**	**(41,024)**	**342,168**
Amount due from a fellow subsidiary	**594**	**(594)**	**–**	**–**	**–**	**–**
Amounts due from related parties	**8,875**	**(707)**	**8,168**	**–**	**–**	**8,168**
	509,545	**(118,185)**	**391,360**	**–**	**(41,024)**	**350,336**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Offsetting financial assets and financial liabilities (continued)

(i) Financial assets (continued)

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar arrangements. (continued)

	GROSS AMOUNTS OF RECOGNISED FINANCIAL ASSETS RM'000	GROSS AMOUNTS OF RECOGNISED FINANCIAL LIABILITIES SET-OFF IN THE STATEMENT OF FINANCIAL POSITION RM'000	NET AMOUNTS OF FINANCIAL ASSETS PRESENTED IN THE STATEMENT OF FINANCIAL POSITION RM'000	RELATED AMOUNTS NOT SET-OFF IN THE STATEMENT OF FINANCIAL POSITION: FINANCIAL INSTRUMENTS RM'000	RELATED AMOUNTS NOT SET-OFF IN THE STATEMENT OF FINANCIAL POSITION: CASH COLLATERAL RECEIVED RM'000	NET AMOUNT RM'000
Group						
At 31 December 2012						
Receivables and deposits	413,133	(36,232)	376,901	–	(36,189)	340,712
Amount due from a fellow subsidiary	2,186	(512)	1,674	–	–	1,674
Amounts due from related parties	9,216	(4,686)	4,530	–	–	4,530
	424,535	(41,430)	383,105	–	(36,189)	346,916
Company						
At 31 December 2013						
Amounts due from subsidiaries	**376**	**(252)**	**124**	**–**	**–**	**124**
At 31 December 2012						
Amounts due from subsidiaries	97	(45)	52	–	–	52

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Offsetting financial assets and financial liabilities (continued)

(ii) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar arrangements.

	GROSS AMOUNTS OF RECOGNISED FINANCIAL LIABILITIES RM'000	GROSS AMOUNTS OF RECOGNISED FINANCIAL ASSETS SET-OFF IN THE STATEMENT OF FINANCIAL POSITION RM'000	NET AMOUNTS OF FINANCIAL LIABILITIES PRESENTED IN THE STATEMENT OF FINANCIAL POSITION RM'000	RELATED AMOUNTS NOT SET-OFF IN THE STATEMENT OF FINANCIAL POSITION: FINANCIAL INSTRUMENTS RM'000	RELATED AMOUNTS NOT SET-OFF IN THE STATEMENT OF FINANCIAL POSITION: CASH COLLATERAL RECEIVED RM'000	NET AMOUNT RM'000
Group						
At 31 December 2013						
Payables and accruals	**322,839**	**(116,884)**	**205,955**	**(41,024)**	**–**	**164,931**
Amount due to a fellow subsidiary	**4,233**	**(594)**	**3,639**	**–**	**–**	**3,639**
Amounts due to related parties	**827**	**(707)**	**120**	**–**	**–**	**120**
	327,899	**(118,185)**	**209,714**	**(41,024)**	**–**	**168,690**
At 31 December 2012						
Payables and accruals	284,696	(36,232)	248,464	(36,189)	–	212,275
Amount due to a fellow subsidiary	512	(512)	–	–	–	–
Amounts due to related parties	5,568	(4,686)	882	–	–	882
	290,776	(41,430)	249,346	(36,189)	–	213,157

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2013
Continued

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Offsetting financial assets and financial liabilities (continued)

(ii) Financial liabilities (continued)

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar arrangements.(continued)

	GROSS AMOUNTS OF RECOGNISED FINANCIAL LIABILITIES RM'000	GROSS AMOUNTS OF RECOGNISED FINANCIAL ASSETS SET-OFF IN THE STATEMENT OF FINANCIAL POSITION RM'000	NET AMOUNTS OF FINANCIAL LIABILITIES PRESENTED IN THE STATEMENT OF FINANCIAL POSITION RM'000	RELATED AMOUNTS NOT SET-OFF IN THE STATEMENT OF FINANCIAL POSITION		NET AMOUNT RM'000
				FINANCIAL INSTRUMENTS RM'000	CASH COLLATERAL RECEIVED RM'000	
Company						
At 31 December 2013						
Amounts due to subsidiaries	**2,868**	**(252)**	**2,616**	**–**	**–**	**2,616**
At 31 December 2012						
Amounts due to subsidiaries	1,146	(45)	1,101	–	–	1,101

34 CAPITAL COMMITMENTS

Capital expenditure for property, plant and equipment and intangible assets approved by the Directors and not provided for in the financial statements as at the reporting date are as follows:

	GROUP 2013 RM'000	GROUP 2012 RM'000
Contracted for	**131,863**	278,350
Not contracted for	**953,405**	670,845
	1,085,268	949,195

35 OPERATING LEASE COMMITMENTS

Generally, the Group leases certain network infrastructure, content rights, offices and customer service centres under operating leases. The leases run for a period of 1 to 15 years (2012: 2 to 15 years). Certain operating leases contain renewal options with market review clauses. The Group does not have the option to purchase the leased assets at the expiry of the lease period.

The future minimum lease payments under non-cancellable operating leases are as follows, of which RM40,420,000 has been recognised as disclosed in Note 28 to the financial statements:

	GROUP 2013 RM'000	GROUP 2012 RM'000
Not later than one year	**210,160**	147,576
Later than one year but not later than five years	**503,013**	374,186
Later than five years	**142,248**	66,091
	855,421	587,853

Included in the future minimum lease payments are lease commitments for network infrastructure which are based on the number of co-sharing parties for each individual site as at the reporting date.

36 RELATED PARTIES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant transactions, balances and commitments. The related party transactions described below were carried out on agreed terms with the related parties. None of these balances are secured.

GROUP	TRANSACTION VALUE 2013 RM'000	TRANSACTION VALUE 2012 RM'000	BALANCE OUTSTANDING 2013 RM'000	BALANCE OUTSTANDING 2012 RM'000	COMMITMENTS 2013 RM'000	COMMITMENTS 2012 RM'000	TOTAL BALANCE OUTSTANDING, INCLUDING COMMITMENTS 2013 RM'000	TOTAL BALANCE OUTSTANDING, INCLUDING COMMITMENTS 2012 RM'000
Sales of goods and services to:								
- MEASAT Broadcast Network Systems Sdn. Bhd.[(1)] (VSAT, telephony, bandwidth and broadband services)	**50,821**	38,134	**9,972**	503	**–**	–	**9,972**	503
- Saudi Telecom Company ("STC")[(2)] (roaming and international calls)	**19,319**	11,135	**8,673**	4,517	**–**	–	**8,673**	4,517
- Aircel Limited Group[(3)] (interconnect, roaming and international calls)	**4,107**	6,372	**–**	1,670	**–**	–	**–**	1,670

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

Continued

36 RELATED PARTIES (CONTINUED)

GROUP	TRANSACTION VALUE 2013 RM'000	TRANSACTION VALUE 2012 RM'000	BALANCE OUTSTANDING 2013 RM'000	BALANCE OUTSTANDING 2012 RM'000	COMMITMENTS 2013 RM'000	COMMITMENTS 2012 RM'000	TOTAL BALANCE OUTSTANDING, INCLUDING COMMITMENTS 2013 RM'000	TOTAL BALANCE OUTSTANDING, INCLUDING COMMITMENTS 2012 RM'000
Purchases of goods and services from:								
- Aircel Limited Group[3] (interconnect, roaming and international calls)	**7,397**	3,424	**(3,648)**	(25)	**–**	–	**(3,648)**	(25)
- Tanjong City Centre Property Management Sdn. Bhd.[4] (rental, signage, parking and utility charges)	**33,467**	32,270	**4,843**	5,705	**(11,474)**	(15,977)	**(6,631)**	(10,272)
- MEASAT Global Berhad Group[5] (transponder and teleport lease rental)	**27,661**	23,445	**–**	–	**(24,584)**	(42,220)	**(24,584)**	(42,220)
- Astro Digital 5 Sdn. Bhd.[1] (content provision, publishing and advertising agent, consultancy and IPTV development services)	**4,725**	43,470	**(4,826)**	(10,003)	**–**	–	**(4,826)**	(10,003)
- Media Innovations Pty. Ltd.[6] (consultancy and IPTV development services)	**(214)**	28,531	**(25)**	–	**–**	–	**(25)**	–
- MEASAT Broadcast Network Systems Sdn. Bhd.[1] (advertising, mobile TV, video IPTV contents, and sponsorship of events)	**15,305**	8,220	**(1,201)**	(1,483)	**(27,248)**	(50,000)	**(28,449)**	(51,483)
- UTSB Management Sdn. Bhd.[4] (corporate management services fees)	**25,000**	25,000	**(6,625)**	(2,208)	**–**	(19,875)	**(6,625)**	(22,083)
- SRG Asia Pacific Sdn. Bhd.[4] (call handling and telemarketing services)	**26,323**	23,732	**(5,957)**	(7,149)	**–**	–	**(5,957)**	(7,149)
- STC[2] (roaming and international calls)	**3,790**	4,674	**(677)**	–	**–**	–	**(677)**	–
- Getit Infoservices Private Limited Group[1] (purchase of data (Business Listings))	**5,500**	–	**(3,160)**	–	**–**	–	**(3,160)**	–
- UMTS (Malaysia) Sdn. Bhd.[7] (usage of 3G spectrum)	**42,236**	30,427	**(3,686)**	2,637	**–**	–	**(3,686)**	2,637

36 RELATED PARTIES (CONTINUED)

Notes:
The Group has entered into the above related party transactions with parties whose relationships are set out below.

Usaha Tegas Sdn. Bhd. ("UTSB"), STC and Harapan Nusantara Sdn. Bhd. are parties related to the Company, by virtue of having joint control over BGSM, pursuant to a shareholders' agreement in relation to BGSM. BGSM wholly-owns MCB which in turn is the penultimate holding company of the Company.

The ultimate holding company of UTSB is PanOcean Management Limited ("PanOcean"). PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam ("TAK") and foundations including those for charitable purposes. Although PanOcean and TAK are deemed to have an interest in the shares of the Company through UTSB's deemed interest in BGSM and MCB, they do not have any economic or beneficial interest in the shares as such interest is held subject to the terms of the discretionary trust.

(1) Subsidiary of a joint venture of UTSB
(2) A major shareholder of BGSM, as described above
(3) Subsidiary of MCB
(4) Subsidiary of UTSB
(5) Subsidiary of a company in which TAK has a 99% direct equity interest
(6) Associate of a joint venture of UTSB
(7) Subsidiary of the Company and associate of a joint venture of UTSB. The transaction values and outstanding balances are eliminated in the consolidated financial statements

	COMPANY	
	2013 RM'000	2012 RM'000
Amount charged by a subsidiary:		
- management fees	**14,335**	12,742
Payment on behalf of operating expenses for subsidiaries	**741**	79

37 CHANGES IN COMPARATIVE INFORMATION

Restatement of sales and marketing expenses for the financial year ended 31 December 2012

The following line item in the Group's notes to the financial statements as presented in Note 7 to the financial statements for the financial year ended 31 December 2012 have been restated to conform to the current financial year's presentation.

GROUP	AS PREVIOUSLY STATED RM'000	RECLASSI-FICATIONS RM'000	AS RESTATED RM'000
Note 7 to the financial statements			
Commissions, sales and marketing expenses	**601,288**	**19,265**	**620,553**

38 CONTINGENT LIABILITIES

In the normal course of business, there are contingent liabilities arising from legal recourse sought by the Group's and the Company's customers or vendors, indemnities given to financial institutions on bank guarantees and claims from the authorities. No material losses are currently anticipated as a result of these transactions.

39 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 11 February 2014.

SUPPLEMENTARY INFORMATION

DISCLOSURE PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained earnings at the legal entity level is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by Bursa Malaysia Securities Berhad.

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Realised	**600,074**	566,514	**4,180**	5,661
Unrealised	**(478,678)**	(447,247)	**–**	–
Total retained earnings	**121,396**	119,267	**4,180**	5,661
Less: Consolidation adjustments	**(40,141)**	(33,842)	**–**	–
Retained earnings as at 31 December	**81,255**	85,425	**4,180**	5,661

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by Bursa Malaysia Securities Berhad and should not be used for any other purpose.

STATEMENT BY
DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda and Morten Lundal, being two of the Directors of Maxis Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 74 to 167 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended.

The supplementary information set out on page 168 has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 11 February 2014.

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

MORTEN LUNDAL
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Nasution bin Mohamed, the officer primarily responsible for the financial management of Maxis Berhad, do solemnly and sincerely declare that the financial statements set out on pages 74 to 167 and supplementary information set out on page 168 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

NASUTION BIN MOHAMED

Subscribed and solemnly declared by the above-named Nasution bin Mohamed at Kuala Lumpur in Malaysia on 11 February 2014, before me.

PESURUHJAYA SUMPAH
No: W 626
Nama: HAJJAH JAMILAH ISMAIL
MALAYSIA

COMMISSIONER FOR OATHS

Lot 5.30, Tingkat 5
Wisma Central
Jalan Ampang
50450 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MAXIS BERHAD
(INCORPORATED IN MALAYSIA)
(COMPANY NO. 867573 A)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Maxis Berhad on pages 74 to 167 which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss, comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out in Notes 1 to 39.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditor's report of the subsidiary of which we have not acted as auditors, which is indicated in Note 18 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 168 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

PAULINE HO
(No. 2684/11/15 (J))
Chartered Accountant

Kuala Lumpur
11 February 2014

SIZE OF
SHAREHOLDINGS
AS AT 28 FEBRUARY 2014

SHARE CAPITAL

Authorised	:	RM1,200,000,000 divided into 12,000,000,000 ordinary shares of RM0.10 each
Issued and paid-up	:	RM750,443,360 divided into 7,504,433,600 ordinary shares of RM0.10 each
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Right	:	One vote per ordinary share

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED SHARES
Less than 100	386	0.69	3,835	0.00
100 - 1000	23,915	51.42	22,629,954	0.33
1001 - 10000	18,446	40.26	72,561,872	1.06
10001 - 100000	2,854	6.27	81,967,723	1.20
100001 - 375221679 (*)	609	1.35	1,416,619,616	20.34
375221680 and above (**)	3	0.01	5,910,650,600	77.07
TOTAL	**46,213**	**100.00**	**7,504,433,600**	**100.00**

* Less than 5% of issued holdings
** 5% and above of issued holdings

Note:
Information in the above table is based on Record of Depositors dated 28 February 2014.

DISTRIBUTION TABLE ACCORDING TO
CATEGORY OF SHAREHOLDERS
AS AT 28 FEBRUARY 2014

CATEGORY OF SHAREHOLDERS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED SHARES
Individuals	41,659	90.15	154,758,065	2.06
Bank/Finance Companies	91	0.20	1,116,906,966	14.88
Investment Trusts/Foundations/Charities	4	0.01	150,000	0.00
Other Types of Companies	359	0.77	4,897,280,607	65.26
Government Agencies/Institutions	6	0.01	6,116,000	0.08
Nominees	4,094	8.86	1,329,221,962	17.71
TOTAL	**46,213**	**100.00**	**7,504,433,600**	**100.00**

Note:
Information in the above table is based on Record of Depositors dated 28 February 2014.

ANALYSIS OF SHAREHOLDINGS
DIRECTORS' INTEREST IN SHARES
AS AT 28 FEBRUARY 2014

Based on the Register of Directors' Shareholdings and the Record of Depositors, the interests of the Directors in the shares of the Company (both direct and indirect) as at 28 February 2014 are as follows:

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH IN MAXIS ("MAXIS SHARES")		% OF ISSUED SHARES	
NAME	DIRECT*	INDIRECT	DIRECT	INDIRECT
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	750,000[1]	–	0.01	–
Robert William Boyle	100,000	–	#	–
Dato' Mokhzani bin Mahathir	750,000	1,000[2]	0.01	#
Hamidah Naziadin	–	–	–	–
Krishnan Ravi Kumar	–	–	–	–
Dr. Fahad Hussain S. Mushayt	–	–	–	–
Dr. Ibrahim Abdulrahman H. Kadi	–	–	–	–
Augustus Ralph Marshall	750,000[1]	–	0.01	–
Chan Chee Beng	750,000[1]	–	0.01	–
Alvin Michael Hew Thai Kheam	–	–	–	–
Morten Lundal	–	–	–	–

* Subscription of Maxis Shares under the preferential share allocation scheme pursuant to Initial Public Offering of Maxis

Note:
\# Negligible
(1) Held through a nominee, namely CIMSEC Nominees (Tempatan) Sdn. Bhd.
(2) Deemed interest in shares of the Company held by spouse pursuant to Section 134(12)(c) of the Companies Act, 1965

ANALYSIS OF SHAREHOLDINGS
30 LARGEST SHAREHOLDERS
AS AT 28 FEBRUARY 2014

NO.	NAME	NO. OF SHARES HELD	%
1.	BGSM Equity Holdings Sdn. Bhd.	4,875,000,000	64.96
2.	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	600,000,000	8.00
3.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	435,650,600	5.81
4.	Kumpulan Wang Persaraan (Diperbadankan)	138,214,500	1.84
5.	Amanahraya Trustees Berhad Amanah Saham Malaysia	83,000,000	1.11
6.	Cartaban Nominuees (Asing) Sdn. Bhd. Exempt AN For State Street Bank & Trust Company (West CLT OD67)	71,233,600	0.95
7.	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	62,882,100	0.84
8.	HSBC Nominees (Asing) Sdn. Bhd. BBH And Co Boston For Vanguard Emerging Markets Stock Index Fund	47,706,150	0.64
9.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	47,598,700	0.63
10.	Cartaban Nominees (Tempatan) Sdn. Bhd. Exempt AN For EastSpring Investments Berhad	44,046,400	0.59
11.	Amanahraya Trustees Berhad Amanah Saham Didik	35,999,100	0.48
12.	Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt AN for AIA Bhd.	35,189,400	0.47
13.	Lembaga Tabung Haji	30,551,200	0.41
14.	Amanahraya Trustees Berhad AS 1Malaysia	30,104,600	0.40
15.	AMSEC Nominees (Tempatan) Sdn. Bhd. Amtrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	28,843,000	0.38

NO.	NAME	NO. OF SHARES HELD	%
16.	Cartaban Nominees (Asing) Sdn. Bhd. GIC Private Limited for Government of Singapore (C)	26,337,200	0.35
17.	Amanahraya Trustees Berhad Public Islamic Dividend Fund	25,801,100	0.34
18.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)	23,820,600	0.32
19.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad for Public Itikal Fund (N14011970240)	21,500,000	0.29
20.	Permodalan Nasional Berhad	21,301,900	0.28
21.	HSBC Nominees (Asing) Sdn. Bhd. BNY Brussels for Wisdomtree Emerging Markets Equity Income Fund	19,746,562	0.26
22.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	19,564,817	0.26
23.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (Nomura)	17,115,900	0.23
24.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (CIMB PRIN)	16,740,500	0.22
25.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for The Bank of New York Mellon (Mellon ACCT)	16,336,520	0.22
26.	Amanahraya Trustee Berhad Public Islamic Select Enterprises Fund	14,379,300	0.19
27.	Citigroup Nominees (Asing) Sdn. Bhd. Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)	13,535,631	0.18
28.	Amanahraya Trustee Berhad Public Islamic Equity Fund	13,068,100	0.17
29.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for J.P. Morgan Bank (Ireland) Public Limited Company	10,373,832	0.14
30.	Amanahraya Trustee Berhad Public Islamic Sector Select Fund	8,379,400	0.11

Note:
Information in the above table is based on Record of Depositors dated 28 February 2014.

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

The shareholders holding more than 5% interest, direct and indirect, in the ordinary shares of RM0.10 each in Maxis Berhad ("the Company") (Shares) based on the Register of Substantial Shareholders of the Company as at 28 February 2014 are as follows:

	DIRECT		INDIRECT	
NAME OF SUBSTANTIAL SHAREHOLDER	NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
BGSM Equity Holdings Sdn. Bhd. ("BGSM Equity")	4,875,000,000	64.96	–	–
BGSM Management Sdn. Bhd. ("BGSM Management")(1)	–	–	4,875,000,000	64.96
Maxis Communications Berhad ("MCB")(2)	–	–	4,875,000,000	64.96
Binariang GSM Sdn. Bhd. ("BGSM")(3)	–	–	4,875,000,000	64.96
Usaha Tegas Equity Sdn. Bhd. ("UTE")(4)	–	–	4,875,000,000	64.96
Usaha Tegas Sdn. Bhd. ("Usaha Tegas")(5)	–	–	4,875,000,000	64.96
Pacific States Investment Limited ("PSIL")(6)	–	–	4,875,000,000	64.96
Excorp Holdings N.V. ("Excorp")(7)	–	–	4,875,000,000	64.96
PanOcean Management Limited ("PanOcean")(7)	–	–	4,875,000,000	64.96
Ananda Krishnan Tatparanandam ("TAK")(8)	–	–	4,875,000,000	64.96
Harapan Nusantara Sdn. Bhd. ("Harapan Nusantara")(9)	–	–	4,875,000,000	64.96
Tun Haji Mohammed Hanif bin Omar(10)	–	–	4,875,000,000	64.96
Dato' Haji Badri bin Haji Masri(10)	–	–	4,875,000,000	64.96
Mohamad Shahrin bin Merican(10)	11,000	*	4,875,000,000	64.96
STC Malaysia Holding Ltd. ("STCM")(11)	–	–	4,875,000,000	64.96
STC Asia Telecom Holding Ltd. ("STCAT")(12)	–	–	4,875,000,000	64.96
Saudi Telecom Company ("Saudi Telecom")(13)	–	–	4,875,000,000	64.96
Public Investment Fund ("PIF")(14)	–	–	4,875,000,000	64.96
AmanahRaya Trustees Berhad ("ARB") - Skim Amanah Saham Bumiputera	600,000,000	8.00	–	–
Employees Provident Fund Board ("EPF")(15)	432,533,700	5.76	40,261,200	0.54

Note:
* Negligible

1) BGSM Management's deemed interest in the Shares arises by virtue of BGSM Management holding 100% equity interest in BGSM Equity.

2) MCB's deemed interest in the Shares arises by virtue of MCB holding 100% equity interest in BGSM Management.

3) BGSM's deemed interest in the Shares arises by virtue of BGSM holding 100% equity interest in MCB.

4) UTE's deemed interest in the Shares arises through its wholly-owned subsidiaries, namely, Wilayah Resources Sdn. Bhd., Tegas Puri Sdn. Bhd., Besitang Barat Sdn. Bhd. and Besitang Selatan Sdn. Bhd. (collectively, "UT Subsidiaries") which hold in aggregate 37% equity interest in BGSM. See Note (3) above for BGSM's deemed interest in the Shares.

5) Usaha Tegas' deemed interest in the Shares arises by virtue of Usaha Tegas holding 100% equity interest in UTE. See Note (4) above for UTE's deemed interest in the Shares.

6) PSIL's deemed interest in the Shares arises by virtue of PSIL holding 99.999% equity interest in Usaha Tegas. See Note (5) above for Usaha Tegas' deemed interest in the Shares.

7) PanOcean holds 100% equity interest in Excorp which in turn holds 100% equity interest in PSIL. See Note (6) above for PSIL's deemed interest in the Shares. PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of TAK and foundations including those for charitable purposes. Although PanOcean is deemed to have an interest in such Shares, it does not have any economic or beneficial interest in such Shares, as such interest is held subject to the terms of such discretionary trust.

8) TAK's deemed interest in the Shares arises by virtue of PanOcean's deemed interest in the Shares. See Note (7) above for PanOcean's deemed interest in the Shares. Although TAK is deemed to have an interest in such Shares, he does not have any economic or beneficial interest in such Shares, as such interest is held subject to the terms of a discretionary trust referred to in Note (7) above.

9) Harapan Nusantara's deemed interest in the Shares arises through its wholly-owned subsidiaries, namely, Mujur Anggun Sdn. Bhd., Cabaran Mujur Sdn. Bhd., Anak Samudra Sdn. Bhd., Dumai Maju Sdn. Bhd., Nusantara Makmur Sdn. Bhd., Usaha Kenanga Sdn. Bhd. and Tegas Sari Sdn. Bhd. (collectively, "Harapan Nusantara Subsidiaries"), which hold in aggregate 30% equity interest in BGSM.

   See Note (3) above for BGSM's deemed interest in the Shares.

   The Harapan Nusantara Subsidiaries hold their deemed interest in such Shares under discretionary trusts for Bumiputera objects. As such, Harapan Nusantara does not have any economic interest in such Shares as such interest is held subject to the terms of such discretionary trusts.

10) His deemed interest in the Shares arises by virtue of his 25% direct equity interest in Harapan Nusantara. However, he does not have any economic interest in such Shares as such interest is held subject to the terms of the discretionary trusts referred to in Note (9) above.

11) STCM's deemed interest in the Shares arises by virtue of STCM holding 25% equity interest in BGSM. See Note (3) above for BGSM's deemed interest in the Shares.

12) STCAT's deemed interest in the Shares arises by virtue of STCAT holding 100% equity interest in STCM. See Note (11) above for STCM's deemed interest in the Shares.

13) Saudi Telecom's deemed interest in the Shares arises by virtue of Saudi Telecom holding 100% equity interest in STCAT. See Note (12) above for STCAT's deemed interest in the Shares.

14) PIF's deemed interest in the Shares arises by virtue of PIF holding 70% equity interest in Saudi Telecom. See Note (13) above for Saudi Telecom's deemed interest in the Shares.

15) EPF is deemed to have an interest in 40,261,200 Shares held through nominees.

LIST OF PROPERTIES HELD

	POSTAL ADDRESS	APPROXIMATE AGE OF BUILDING	TENURE/ DATE OF ACQUISITION	REMAINING LEASE PERIOD (EXPIRY OF LEASE)	CURRENT USE	LAND AREA (SQ METRE)	BUILD-UP AREA (SQ METRE)	NET BOOK VALUE AS AT 31 DECEMBER 2013 (RM'000)
1	Plot 12155 (Lot 13) Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam Selangor	18 years	Freehold 9 May 1994	–	Telecommunications operations centre and office	11,235	10,061	20,988
2	Lot 4059, Jalan Riang 20 Taman Gembira Industrial Estate 81100 Johor Bahru	21 years	Freehold 21 July 1994	–	Telecommunications operations centre and office	2,201	2,531	4,805
	Lot 4046, Jalan Riang 20 Taman Gembira Industrial Estate 81100 Johor Bahru		Freehold 21 July 1994		Telecommunications operations centre and office	2,041	1,546	
3	Lot 2537 & 2538 Lorong Jelawat 6 Kawasan Perusahan Seberang Jaya 13700 Seberang Jaya Penang	17 years	Leasehold 5 January 1995	60 years (18 August 2073)	Telecommunications operations centre and office	3,661	2,259	6,224
4	PT 31093 Taman Perindustrian Tago Jalan KL - Sg.Buluh Mukim Batu, Gombak	16 years	Freehold 2 July 1996	–	Centre technical office	2,830	3,290	2,618
5	No 1 Taman Perindustrian Subang (Lion Industrial Park) Seksyen 22 40000 Shah Alam Selangor	19 years	Freehold 24 October 1995	–	Warehouse	17,721	1,886	8,400
6	Lot 943 & 1289 (No.Lot Pemaju - 46) Rawang Integrated Industrial Park Selangor	16 years	Freehold 12 April 1997	–	Central technical office	10,611	1,535	3,367
7	8101, Taman Desa Jasmin Block 12B, Bandar Baru Nilai Labu Negeri Sembilan	16 years	Freehold 28 December 1996	–	Central technical office	2,378	1,736	1,350

	POSTAL ADDRESS	APPROXIMATE AGE OF BUILDING	TENURE/ DATE OF ACQUISITION	REMAINING LEASE PERIOD (EXPIRY OF LEASE)	CURRENT USE	LAND AREA (SQ METRE)	BUILD-UP AREA (SQ METRE)	NET BOOK VALUE AS AT 31 DECEMBER 2013 (RM'000)
8	Lot 25, Lorong Burung Keleto Inanam Industrial Estate, Inanam 88450 Kota Kinabalu Sabah	13 years	Leasehold 11 May 2000	83 years (31 December 2096)	Telecommunications operations centre and office	16,149	3,372	9,198
9	Lot 2323, Off Jalan Daya Pending Industrial Estate Bintawa 93450 Kuching Sarawak	13 years	Leasehold 28 September 2000	29 years (17 February 2042)	Telecommunications operations centre and office	10,122	3,382	18,302
10	Lot 11301, Jalan Lebuhraya Kuala Lumpur - Seremban Batu 8, Mukim Petaling 57000 Kuala Lumpur	14 years	Sub-Lease 9 August 1999	12 years (28 July 2025)	Telecommunications operations centre and office	11,592	5,634	15,858
11	No 26, Jalan Perdagangan 10 Taman Universiti 81300 Skudai Johor	19 years	Freehold 2 March 1995	–	Base Transceiver Station	2,294	409	1,037

DISCLOSURE OF
RECURRENT RELATED PARTY TRANSACTIONS

At an Extraordinary General Meeting held on 9 May 2013, the Company obtained a mandate from its shareholders ("Shareholders' Mandate") for recurrent related party transactions ("RRPTs") of a revenue or trading nature.

In compliance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the MMLR of Bursa Malaysia Securities Berhad, such Shareholders' Mandate is subject to annual renewal and the disclosure in the Annual Report of RRPTs conducted pursuant to the mandate during the financial year ended 31 December 2013 where the aggregate value of such RRPTs is equal to or more than RM1 million or 1% of the relevant percentage ratio for such transactions, whichever is the higher.

Set out below are the relevant RRPTs for which Shareholders' Mandate had been obtained together with a breakdown of the aggregate value of the RRPTs which had been conducted pursuant to the Shareholders Mandate and met the prescribed threshold.

NO	COMPANY IN THE MAXIS GROUP INVOLVED	TRANSACTING PARTIES	NATURE OF TRANSACTION	VALUE INCURRED FROM 1 JANUARY 2013 TO 8 MAY 2013 (RM'000)	VALUE INCURRED FROM 9 MAY 2013 TO 31 DECEMBER 2013 (RM'000)	AGGREGATE VALUE OF TRANSACTIONS DURING THE FINANCIAL YEAR (RM'000)
1.	Maxis Mobile Services Sdn. Bhd. ("MMSSB")	Astro Radio Sdn. Bhd. ("ARSB")	Provision of external content provider aggregator services to ARSB to provide premium SMS/WAP/MMS/CRT/3G content to Maxis subscribers	8	NA	8
2.	MMSSB	Astro Digital 5 Sdn. Bhd. ("AD5SB")	Provision of services and content to MMSSB to provide premium SMS/WAP/MMS content to Maxis subscribers	432	1,248	1,680
3.	MMSSB	AD5SB	Provision of services as MMSSB's (i) exclusive content aggregator, publishing and advertising agency services provider across Maxis' Internet properties (other than mobile properties and IPTV services); (ii) exclusive advertising agency services provider for IPTV services; and (iii) non-exclusive content aggregator, publishing and advertising agency services provider across Maxis' mobile properties	1,530	1,515	3,045
4.	Maxis Broadband Sdn. Bhd. ("MBSB")	MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS")	Provision of 1300 inbound telephony solutions by MBSB	1,394	5,700	7,094
5.	MBSB	MBNS	Provision of managed communication services by MBSB	9,145	17,191	26,336
6.	MBSB	MBNS, AD5SB and Astro Holdings Sdn. Bhd.'s ("AHSB") affiliates	Provision of VSAT services by MBSB	143	Nil	143
7.	MBSB	MBNS and AHSB's affiliates	Provision of secured location and Internet bandwidth by MBSB for MBNS' online business and solution needs	16	Nil	16

NO	COMPANY IN THE MAXIS GROUP INVOLVED	TRANSACTING PARTIES	NATURE OF TRANSACTION	VALUE INCURRED FROM 1 JANUARY 2013 TO 8 MAY 2013 (RM'000)	VALUE INCURRED FROM 9 MAY 2013 TO 31 DECEMBER 2013 (RM'000)	AGGREGATE VALUE OF TRANSACTIONS DURING THE FINANCIAL YEAR (RM'000)
8.	MMSSB	MBNS	Provision of external content provider aggregator services to MBNS to provide premium SMS/WAP/MMS/CRT/3G content to Maxis subscribers	54	199	253
9.	MMSSB	MBNS	Provision of services and content to MMSSB to provide mobile TV content to Maxis subscribers	67	NA	67
10.	MBSB	MBNS, AD5SB, ARSB and AHSB's affiliates	Provision of leased circuits/DIA/Metro-E by MBSB	896	2,443	3,339
11.	MMSSB	ASTRO Entertainment Sdn. Bhd. ("AESB")	Provision of services and content to MMSSB to provide premium SMS/WAP/MMS content to Maxis subscribers	657	1,067	1,724
12.	MBSB	Kristal-Astro Sdn. Bhd. ("KASB")	Provision of IPLC solution by MBSB	42	58	100
13.	MBSB	MBNS, AHSB and/or its affiliates	Provision of bandwidth solutions by MBSB	476	865	1,341
14.	MBSB	Media Innovations Pty Ltd ("Media Innovations") and AD5SB	Provision of IPTV platform, customer premises equipment development services and IPTV related services including operational, consultancy and project (hardware and software) services	11,434	NA	11,434
15.	MBSB	MBNS	Strategic partnership on co-marketing and sales of Maxis fiber services, wireless services, broadband services and Astro IPTV services and On-The-Go Services.	NA	22,868	22,868
16.	MBSB	Getit Infoservices Private Limited ("Getit") and/or its affiliates	Purchase of data (Business Listings) in Malaysia from Getit and/or its affiliates	NA	5,500	5,500
	Aggregate Value of Transactions with AHSB Group			**26,294**	**58,654**	**84,948**

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

Continued

Interested Related Parties

Major Shareholders

Usaha Tegas Sdn. Bhd. ("UTSB"), Pacific States Investment Limited ("PSIL"), Excorp Holdings N.V. ("Excorp"), PanOcean Management Limited ("PanOcean"), Ananda Krishnan Tatparanandam ("TAK"), Tun Haji Mohammed Hanif bin Omar ("THO"), Dato' Haji Badri bin Haji Masri ("Dato' Badri") and Mohamad Shahrin bin Merican ("MSM")

Director

Augustus Ralph Marshall ("ARM")

Nature of Relationship between Maxis Group and AHSB Group

AHSB Group

AD5SB, MBNS, ARSB and AESB are wholly-owned subsidiaries of Astro Malaysia Holdings Berhad ("AMH") whilst KASB is a 48.9%-owned associated company of AMH. AMH is 42.40% owned by Astro Networks (Malaysia) Sdn. Bhd. ("ANM") which in turn is wholly-owned by AHSB. Media Innovations is wholly-owned by Media Innovations Pte. Ltd.("MIPL") which in turn is 44.95% held by All Asia Digital Networks Pte. Ltd.("AADN"). AADN is an indirect wholly-owned subsidiary of AHSB. Getit is a 50.1%-owned subsidiary of ASTRO Overseas Limited ("AOL") which in turn is wholly-owned by Astro All Asia Networks Limited ("AAAN"), a wholly-owned subsidiary of AHSB.

UTSB, PSIL, Excorp and PanOcean who are Major Shareholders with each having a deemed equity interest over 4,875,000,000 Shares representing 64.97% of the issued and paid-up share capital of Maxis arises by virtue of their respective deemed interest in Binariang GSM Sdn. Bhd. ("BGSM") which holds 100% equity interest in Maxis Communications Berhad ("MCB") which in turn holds 100% equity interest in BGSM Management Sdn. Bhd. ("BGSM Management"). BGSM Management holds 100% equity interest in BGSM Equity Holdings Sdn. Bhd. ("BGSM Equity") which in turn holds 64.97% equity interest in Maxis. They are also major shareholders of AHSB with each having a deemed interest over 479,619,973 ordinary shares of RM0.10 each in AHSB ("AHSB Shares") representing 34.01% of the issued and paid-up share capital in AHSB.

PanOcean holds 100% equity interest in Excorp which in turn holds 100% equity interest in PSIL. PSIL holds 99.999% equity interest in UTSB. PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of TAK and foundations, including those for charitable purposes.

TAK who is a Major Shareholder with a deemed interest over 4,875,000,000 Shares representing 64.97% of the issued and paid-up share capital of Maxis, is also a major shareholder of AHSB with a deemed interest over 819,082,908 AHSB Shares representing 58.08% of the issued and paid-up ordinary share capital of AHSB. In addition, TAK is also a director of PanOcean, Excorp, PSIL and UTSB. Although TAK and PanOcean are deemed to have interests in the Shares and AHSB Shares, they do not have any economic or beneficial interest over these Shares as such interest is held subject to the terms of the discretionary trust.

ARM who is a Director, is also a director of PanOcean, Excorp, PSIL and an executive director of UTSB. He does not have any equity interest in UTSB, in PanOcean, in Excorp or in PSIL. In addition, ARM is also a director and group chief executive officer of AHSB, a director and non-executive deputy chairman of AMH as well as a director of AOL, AAAN, ANM, MBNS, ARSB, AESB, Media Innovations, MIPL, Getit and other companies within the AHSB Group. ARM has a direct equity interest over 750,000 Shares representing 0.01% of the issued and paid-up share capital in Maxis and 8,500,000 AMH Shares representing 0.16% of the issued and paid-up share capital of AMH. ARM does not have any equity interests in MMSSB, MBSB, MMSB nor in the AHSB Group.

THO, Dato' Badri and MSM are Major Shareholders with each having a deemed interest over 4,875,000,000 Shares representing 64.97% of the issued and paid-up share capital of Maxis arises by virtue of their respective 25% direct equity interest in Harapan Nusantara Sdn. Bhd. ("HNSB"). HNSB's deemed interest in the Shares arises by virtue of HNSB being entitled to control the exercise of 100% of the votes attached to the voting shares in each of Mujur Anggun Sdn. Bhd., Cabaran Mujur Sdn. Bhd., Anak Samudra Sdn. Bhd., Dumai Maju Sdn. Bhd., Nusantara Makmur Sdn. Bhd., Usaha Kenanga Sdn. Bhd. and Tegas Sari Sdn. Bhd. (collectively, "HNSB Subsidiaries").

The HNSB Subsidiaries hold in aggregate 30% equity interest in BGSM and therefore, via such aggregate interest, HNSB has a deemed interest over all the Shares held by MCB. The Maxis Shares held via the HNSB Subsidiaries are held under discretionary trusts for Bumiputera objects. As such, they do not have any economic interest in the Shares held via the HNSB Subsidiaries as such interest is held subject to the terms of such discretionary trusts. Further, as THO, Dato' Badri and MSM exercise or control the exercise of at least 15% of the votes attached to the voting shares in Maxis, they are deemed to have an interest in the shares of Maxis' subsidiaries.

THO, Dato' Badri and MSM are major shareholders of AHSB with each having a deemed interest over 177,446,535 AHSB Shares representing 12.58% of the issued and paid-up ordinary share capital of AHSB arises by virtue of their respective 25% direct equity interest in Harapan Terus Sdn. Bhd. ("HTSB"). HTSB's deemed interest in the AHSB Shares arises by virtue of HTSB being entitled to control the exercise of 100% of the votes attached to the voting shares in each of Berkat Nusantara Sdn. Bhd., Nusantara Cempaka Sdn. Bhd., Nusantara Delima Sdn. Bhd., Mujur Nusantara Sdn. Bhd., Gerak Nusantara Sdn. Bhd. and Sanjung Nusantara Sdn. Bhd. (collectively, "HTSB Subsidiaries").

The AHSB Shares held via the HTSB Subsidiaries are held under discretionary trusts for Bumiputera objects. As such, they do not have any economic interest in the AHSB Shares held via the HTSB Subsidiaries as such interest is held subject to the terms of such discretionary trusts. Further, as THO, Dato' Badri and MSM do not exercise or control the exercise of at least 15% of the votes attached to the voting shares in AHSB, they are not deemed to have an interest in the shares of ANM, AMH, AD5SB, MBNS, ARSB, AESB, KASB, Media Innovations and Getit.

Dato' Badri who is a director of AHSB, ANM and AOL, is also a director of MBNS, KASB and several other subsidiaries of AHSB.

MSM has a direct equity interest over 11,000 Shares representing 0.0001% of the issued and paid-up share capital of Maxis.

Dato' Mohamed Khadar bin Merican ("Dato' Khadar"), a director of AMH and AOL is a person connected to MSM. Dato' Khadar has a direct equity interest over 20,800 Shares representing 0.0003% of the issued and paid-up share capital in Maxis.

The HTSB Subsidiaries hold in aggregate 12.58% equity interest in AHSB and therefore, via such aggregate interest, HTSB had a deemed interest over all the shares held by the HTSB Subsidiaries in AHSB. The AHSB Shares held via the HTSB Subsidiaries are held under discretionary trusts for Bumiputera objects. As such, they do not have any economic interest in those shares held by the HTSB Subsidiaries as such interest is held subject to the terms of the discretionary trusts for Bumiputera objects. Further, as THO, Dato' Badri and MSM do not exercise or control the exercise of at least 15% of the votes attached to the voting shares in AHSB, they are not deemed to have an interest in the shares of ANM, AMH, DFSB, MBNS, AMP, AESB and KASB.

Dato' Badri who is a director of ANM and AMH is also a director of MBNS, KASB and several other subsidiaries of AMH.

ADDITIONAL DISCLOSURES

TRANSACTIONS THROUGH MEDIA AGENCIES

Some of the media airtimes, publications and programme sponsorship arrangements ("Media Arrangements") of the Maxis Group are concluded on normal commercial terms with independent media-buying agencies whose role is to secure advertising or promotional packages for their clients. These Media Arrangements may involve companies in the Astro group which are licensed to operate satellite Direct-to-Home television and FM radio services, and undertake a number of other multimedia services in Malaysia. The transactions between the media-buying agencies and the Astro group are based on terms consistent with prevailing rates within the media industry. For the financial year ended 2013 the value of such transactions, which are not related party transactions entered into by the Maxis Group and the Astro group and excluded from the related party transactions disclosed elsewhere in this Annual Report, amounted to RM5,905,000.

IMPOSITION OF SANCTIONS/PENALTIES

There are no public sanctions and penalties imposed on the Company or its subsidiaries, Directors or Management by the relevant regulatory bodies.

EMPLOYEE SHARE OPTION SCHEME (ESOS)

Please refer to the Directors' Report (pages 69 to 71) and Note 31(b) (pages 144 to 146) of the Audited Financial Statements of this Annual Report. The ESOS implemented on 17 September 2009 is the Company's only employee share option scheme currently in existence during the financial year ended 31 December 2013.

MAXIS' COMPLIANCE WITH THE PERSONAL DATA PROTECTION ACT

The Company recognises the importance of protecting shareholders' and customers' personal data, and has taken steps to be fully compliant with the Personal Data Protection Act 2010 (PDPA 2010). The Company will not disclose information without their consent unless required by the PDPA 2010, any applicable laws and regulations.

SHAREHOLDERS' PRIVACY

The Company recognises the importance of shareholders' privacy and will not disclose shareholders' information without their consent unless required by law.

MATERIAL
CONTRACTS

Material contracts of Maxis Berhad ("Company") and its subsidiaries, involving Directors' and Major Shareholders' interests, either still subsisting at the end of financial year 2013 or, if not then subsisting, entered into since the end of financial year 2012.

NO	CONTRACT	DATE	PARTIES	GENERAL NATURE	CONSIDERATION PASSING TO OR FROM THE COMPANY OR ANY OTHER CORPORATION IN THE GROUP	MODE OF SATISFACTION OF CONSIDERATION	RELATIONSHIP BETWEEN DIRECTOR OR MAJOR SHAREHOLDER AND CONTRACTING PARTY (IF DIRECTOR OR MAJOR SHAREHOLDER IS NOT CONTRACTING PARTY)
1.	Licence Agreement	20 October 2009	Maxis Berhad Maxis Communications Berhad ("MCB")	Grant by MCB to the Company and its subsidiaries of a perpetual, royalty-free licence to use in Malaysia, trademarks and service marks that are registered in the name of MCB	The consideration of each party for the agreement is the exchange of promises and a cash payment of RM10 payable by the Company	Fulfillment of promises and cash of RM10	MCB is a major shareholder of the Company. The Company is an indirect 64.97% subsidiary of MCB Please see Note 1 below for further details of the relationship
2.	Transponder Lease for Measat-3 supplemented by supplemental letters no. 1 – 9	17 October 2007 Supplemental No. 1: 20 May 2009 Supplemental No. 2: 9 June 2009 Supplemental No. 3: 17 February 2010 Supplemental No. 4: 17 June 2010 Supplemental No. 5: 20 April 2011 Supplemental No. 6: 8 May 2012 Supplemental No. 7: 13 July 2012 Supplemental No. 8: 4 January 2013 Supplemental No. 9: 8 July 2013	Maxis Broadband Sdn. Bhd. ("MB") MEASAT Satellite Systems Sdn. Bhd. ("MSS")	Leasing of transponders for Measat-3 by MB for use of bandwidth capacity	Rental fee payable by MB to MSS	Cash	MB is a wholly-owned subsidiary of the Company Please see Note 2 below for further details on the relationship between MB and MSS

NO	CONTRACT	DATE	PARTIES	GENERAL NATURE	CONSIDERATION PASSING TO OR FROM THE COMPANY OR ANY OTHER CORPORATION IN THE GROUP	MODE OF SATISFACTION OF CONSIDERATION	RELATIONSHIP BETWEEN DIRECTOR OR MAJOR SHAREHOLDER AND CONTRACTING PARTY (IF DIRECTOR OR MAJOR SHAREHOLDER IS NOT CONTRACTING PARTY)
3	Teleport Services Agreement (Lease rentals of Measat earth station facility) supplemented by supplemental letter no 1	17 October 2007 Supplemental No 1: 19 April 2013	MB MSS	Lease rentals of MSS teleport and earth station facility by MB	Service fee payable by MB to MSS	Cash	Please see Note 2 below for further details on the relationship between MB and MSS
4	(a) Agreement for 3G Service Level for design, build and operation of 3G MBSB Network and Migration of 3G Wholesale Services Provision (b) Supplemental Agreement to Agreement for 3G Service Level for design, build and operation of 3G MBSB Network and Migration of 3G Wholesale Services Provision dated 11 April 2008 (c) Supplemental Agreement to Agreement for 3G Service Level for design, build and operation of 3G MBSB Network and Migration of 3G Wholesale Services Provision dated 11 April 2008	11 April 2008 12 February 2009 28 October 2011	MB UMTS (Malaysia) Sdn. Bhd. (“UMTS”)	The agreements in 4(a), (b) and (c) provide for arrangements relating to the migration by UMTS of provision of 3G wholesale services to MB for MB to provide 3G wholesale services to licensees under the Communications and Multimedia Act 1998 who are authorised to provide 3G mobile services to end users	Undertakings and agreements in the agreements	Fulfillment of undertakings and agreements in the agreements	Please see Note 3 below for further details on the relationship between MB and UMTS
5	Services Agreement	28 October 2013	Maxis Mobile Services Sdn. Bhd. (“MMS”) SRG Asia Pacific Sdn. Bhd. (“SRG”)	Procurement of customer call handling and telemarketing services by MMS from SRG	Consideration passing from MMS to SRG is RM45 million	Cash	MMS is a wholly-owned subsidiary of the Company Please see Note 4 below for further details on the relationship between MMS and SRG

MATERIAL
CONTRACTS
Continued

NO	CONTRACT	DATE	PARTIES	GENERAL NATURE	CONSIDERATION PASSING TO OR FROM THE COMPANY OR ANY OTHER CORPORATION IN THE GROUP	MODE OF SATISFACTION OF CONSIDERATION	RELATIONSHIP BETWEEN DIRECTOR OR MAJOR SHAREHOLDER AND CONTRACTING PARTY (IF DIRECTOR OR MAJOR SHAREHOLDER IS NOT CONTRACTING PARTY)
6*	Extension Agreement	15 December 2010	Maxis Mobile Sdn. Bhd. ("MM") Advanced Wireless Technologies Sdn. Bhd. ("AWT")	Agreement for the extension of the term of a shareholder's loan amounting to RM104,923,583.64 owing by AWT to MM, for a further period of five years from 24 November 2010 The loan was originally granted pursuant to a letter dated 30 September 2003 which was supplemented by an agreement dated 24 November 2005 between MCB and AWT (collectively, "SLA"). The rights, duties, obligations and liabilities of Maxis Communications Berhad under the SLA was novated to MM via a Deed of Novation dated 28 September 2009 between MM, MCB and AWT	Undertakings and agreements in the agreements	Fulfillment of undertakings and agreements in the agreements.	MM is a wholly-owned subsidiary of the Company while AWT is a 75% owned subsidiary of the Company Please see Notes 1 and 3 below for further details on the relationship between MM and AWT
7*	Extension Agreement	15 December 2010	MBNS Multimedia Technologies Sdn. Bhd. ("MMT") AWT	Agreement for the extension of the term of a shareholder's loan amounting to RM33,059,601.83 owing by AWT to MMT, for a further period of five years from 9 December 2010 The loan was originally granted pursuant to an agreement dated 24 November 2005 between MMT and AWT	Undertakings and agreements in the agreements	Fulfillment of undertakings and agreements in the agreements	Please see Note 3 below for further details on the relationship between AWT and MMT
8.	Managed Bandwidth Services Agreement	1 July 2011	MB MEASAT Broadband (International) Ltd ("MBIL")	Lease of bandwidth capacity on IPSTAR-1 satellite by MBIL	Rental fee payable by MB to MBIL	Cash	MBIL is a wholly-owned subsidiary of MEASAT Global Berhad ("MGB") Please see Note 2 below for further details on the relationship between MB and MBIL

NO	CONTRACT	DATE	PARTIES	GENERAL NATURE	CONSIDERATION PASSING TO OR FROM THE COMPANY OR ANY OTHER CORPORATION IN THE GROUP	MODE OF SATISFACTION OF CONSIDERATION	RELATIONSHIP BETWEEN DIRECTOR OR MAJOR SHAREHOLDER AND CONTRACTING PARTY (IF DIRECTOR OR MAJOR SHAREHOLDER IS NOT CONTRACTING PARTY)
9.	(a) IPTV Services Agreement (as amended by Termination Letter dated 27 September 2012*)	19 Jan 2012	MB Media Innovations Pty. Ltd. ("Media Innovations") Astro Digital 5 Sdn. Bhd. (formerly known as Digital Five Sdn. Bhd.) ("AD5SB")	Provision of IPTV platform and customer premises equipment development services and IPTV related services including operational, consultancy and project (hardware and software) services	Fees payable by MB to Media Innovations and AD5SB	Cash	Please see Note 3 below for further details on the relationship between MB, Media Innovations and AD5SB.
	(b) Amendment to IPTV Services Agreement	3 April 2013	MB Media Innovations	Agreement to amend the scope of services of Media Innovations under the IPTV Services Agreement			
10	(a) Publishing & Advertising Services Agreement (b) Supplemental Agreement to Publishing and Advertising Services Agreement dated 4 March 2011	4 March 2011 4 March 2011	MMS AD5SB	The agreements in 10(a) and (b) provide for the appointment of AD5SB by MMS as its (i) exclusive content aggregator, publishing and advertising agency services provider across Maxis' Internet properties (other than mobile properties and IPTV services), (ii) exclusive advertising agency services provider for IPTV services; and (iii) non-exclusive content aggregator, publishing and advertising agency services provider across Maxis' mobile properties	Fees payable by MMS to AD5SB	Cash	Please see Note 3 below for further details between MMS and AD5SB
11	Co-marketing Agreement	30 August 2012	MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS") MB	To exclusively develop and co-market unique consumer offers combining Astro B.yond, IPTV and Astro On The Go services with Maxis' fibre, mobile, wireless Internet and Asymmetric Digital Subscriber Line ("ASDL") service	Fees payable by MBNS to MB	Cash –	MBNS is a wholly-owned subsidiary of Astro Malaysia Holdings Berhad ("AMH"). Please see Note 3 below for further details between MB and AMH.

MATERIAL
CONTRACTS
Continued

*** Additional information relating to agreements nos. 6 and 7**

NO	CONTRACT	NAMES OF LENDER & BORROWER	RELATIONSHIP BETWEEN BORROWER AND DIRECTOR OR MAJOR SHAREHOLDER (IF DIRECTOR OR MAJOR SHAREHOLDER IS NOT THE BORROWER)	PURPOSE OF THE LOAN	AMOUNT OF THE LOAN	INTEREST RATE	TERMS AS TO PAYMENT OF INTEREST AND REPAYMENT OF PRINCIPAL	SECURITY PROVIDED
1.	Extension agreement between MM and AWT	Lender: MM Borrower: AWT	Please refer to Notes 1 and 3 below for further details on the relationship between MM and AWT	To provide capital support for AWT , the holding company of UMTS	RM104,923,583.64	1% per annum above the base lending rate of Malayan Banking Berhad	The loan together with interest accrued shall be repaid on 24 November 2015	Nil
2	Extension agreement between MMT and AWT	Lender: MMT Borrower: AWT	Please refer to Note 3 below for further details on the relationship between MMT and AWT	To provide capital support for AWT , the holding company of UMTS	RM33,059,601.83	1% per annum above the base lending rate of Malayan Banking Berhad	The loan together with interest accrued shall be repaid on 9 December 2015	Nil

*** Additional information relating to agreements no. 9**

NO	DOCUMENT	DATE	PARTIES	PURPOSE OF DOCUMENT
1	Termination Letter	27 Sept 2012	MB AD5SB	Terminating the application of IPTV Services Agreement with respect to AD5SB, effective from 25 October, 2012

Note:

1. Binariang GSM Sdn. Bhd., Usaha Tegas Equity Sdn. Bhd., Usaha Tegas Sdn. Bhd. ("UTSB"), Pacific States Investment Limited (PSIL), Excorp Holdings N.V. ("Excorp"), PanOcean Management Limited ("PanOcean"), Ananda Krishnan Tatparanandam ("TAK"), Harapan Nusantara Sdn. Bhd., Tun Haji Mohammed Hanif bin Omar ("THO"), Dato' Haji Badri bin Haji Masri ("Dato' Badri"), Mohamad Shahrin bin Merican ("MSM"), STC Malaysia Holding Ltd, STC Asia Telecom Holding Ltd, Saudi Telecom Company ("STC") and Public Investment Fund, who are Major Shareholders of the Company are also major shareholders of MCB. The Company is an 64.97% indirect subsidiary of MCB.

   Dr. Fahad Hussain S. Mushayt ("FH"), Dr. Ibrahim Abdulrahman H. Kadi ("Dr. Ibrahim"), Krishnan Ravi Kumar ("RK"), Augustus Ralph Marshall ("ARM") and Chan Chee Beng ("CCB") are Directors of MCB and the Company. FH and CCB are also Directors of MMS, MB and MM while FH is also director of AWT and UMTS. FH is also an employee of STC. FH is the Senior Executive Officer, Strategic Projects Development at STC. In addition, ARM and CCB are the shareholders of the Company.

2. MSS and MBIL are the wholly-owned subsidiaries of MGB. TAK who is a Major Shareholder of the Company is also a major shareholder of MGB.

   THO who is a Major Shareholder of the Company is also a director of MSS.

   ARM and CCB are also directors of MGB whilst CCB is also a director of MSS. Please refer to Note 1 above for the relationships and interests of ARM and CCB in the Company.

3. UMTS is a wholly-owned subsidiary of AWT which in turn is a 75% owned subsidiary of the Company. The remaining 25% equity interest in AWT is held by MBNS Multimedia Technologies Sdn. Bhd. ("MMT"), which in turn is wholly-owned by Astro Malaysia Holdings Berhad ("AMH"). AMH is a 42.40% owned by Astro Networks (Malaysia) Sdn. Bhd. ("ANM") which in turn is wholly-owned by Astro Holdings Sdn. Bhd. ("AHSB").

   AD5SB and MBNS are wholly-owned subsidiaries of AMH whilst Media Innovations is wholly-owned by Media Innovations Pte. Ltd.("MIPL") which in turn is 44.95% held by All Asia Digital Networks Pte. Ltd.("AADN"). AADN is an indirect wholly-owned subsidiary of AHSB. MBNS is a wholly-owned subsidiary of AMH.

   UTSB, PSIL, Excorp, PanOcean and TAK, who are Major Shareholders of the Company are also major shareholders of AMH

   ARM is also a Director of AHSB, ANM, AMH, Media Innovations and MIPL. Please refer to Note 1 above for the relationships and interests of ARM in the Company.

4. SRG is a wholly-owned subsidiary of UTSB.

   UTSB, PSIL, Excorp, PanOcean and TAK are also major shareholders of SRGAP. Please refer to Note 1 above for their relationships and interests in the Company.

   ARM and CCB are also executive directors of UTSB. Please refer to Note 1 above for the relationships and interests of ARM and CCB in the Company.

   MSM is also a director of certain subsidiaries of UTSB. Please refer to Note 1 above for relationships and interests of MSM in the Company.

GLOSSARY

2G: Second generation of cellular telecommunications standards.

3G: Third generation of cellular telecommunications standards.

4G: Long Term Evolution; the next generation of mobile communications networks beyond 3G (third generation), which will deliver very high bandwidths to the mobile device.

Bursa Securities: Bursa Malaysia Securities Berhad

CMS: Content Management System; a programme that allows one to edit and publish content.

CXO: An abbreviation that refers to an executive that has the word "chief" in their title (i.e. Chief Executive Officer, Chief Financial and Strategy Officer, Chief Technology Officer, etc).

Femto: A small cellular base station of low-power which is designed for use in a home or small business.

HSPA: High Speed Packet Access; comprising a family of 3G and 4G digital data services.

IAAS: Infrastructure as a service; the foundation of cloud computing which includes network connections, bandwidth, load balancers and virtual server space.

ICT: Information and Communications Technology; an umbrella term that includes any communications device or application, encompassing radio, television, cellular phones, computer and network hardware and software, satellite systems as well as various services and applications associated with them, such as video conferencing and distance learning.

IP: Internet Protocol; a standard that keeps track of network addresses for different nodes, routes outgoing messages, and recognises incoming messages.

ISP: Internet Service Provider

KKMM: Ministry of Communications and Multimedia Malaysia

LAN: Local Area Network; a short distance data communications network (usually within a building).

Machine-to-machine (M2M): Technologies that enable wired and wireless devices to exchange information without the assistance of a human.

Maxis or the Company: Maxis Berhad (Company No. 867573-A)

MCMC: Malaysian Communications and Multimedia Commission

MMLR: Main Market Listings Requirements of Bursa Securities

MPLS: Multiprotocol Label Switching; a mechanism which directs data from one network node to another with the use of short paths as opposed to long network addresses.

Nano-BTS: Nano Base Transceiver Station; which provides cellular coverage and capacity.

NGO: Non-governmental organisation

OTT: Over-the-top; the provision of video, television, audio and other media that are provided over the Internet.

RAN: Radio Access Network; which comprises the base station technology and air interface of a cellular network.

RF: Radiofrequency

SaaS: Software as a Service; in which software and other data are stored on a cloud.

SME: Small and Medium Enterprises

SMS: Short Message Service

USP: Universal Service Provision; an initiative to promote the widespread availability and usage of network and/or applications services by encouraging the installation of network facilities and the provision of network and/or applications services in underserved areas.

VoIP: Voice over Internet Protocol; a technology in which voice and multimedia sessions are carried out via Internet Protocol networks, such as the Internet.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting of MAXIS BERHAD ("the Company") will be held on Wednesday, 7 May 2014 at 2.15pm at the Ballroom 1, Level 3, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia for the following purposes:

AGENDA

1 To consider the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors thereon. **Please refer to Note A.**

2 To declare a final single-tier tax-exempt dividend of 8 sen per ordinary share for the financial year ended 31 December 2013. **Resolution 1**

3 To re-elect the following Directors who retire pursuant to Article 114(1) of the Company's Articles of Association and who being eligible, have offered themselves for re-election:
(i) Robert William Boyle **Resolution 2**
(ii) Augustus Ralph Marshall **Resolution 3**
Please refer to Note B.

Chan Chee Beng who retires in accordance with Article 114(1) of the Company's Articles of Association has given notice that he will not be seeking re-election. Hence, he will retain office until the close of the Fifth Annual General Meeting.

4 To re-elect the following Directors who were appointed to the Board during the year and retire pursuant to Article 121 of the Company's Articles of Association:
(i) Hamidah Naziadin (appointed on 1 February 2014) **Resolution 4**
(ii) Morten Lundal (appointed on 1 October 2013) **Resolution 5**
Please refer to Note B.

5 To re-appoint Messrs PricewaterhouseCoopers ("PwC") as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **Please refer to Note C.** **Resolution 6**

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of shareholders at the Fifth Annual General Meeting to be held on 7 May 2014, a final single-tier tax-exempt dividend of 8 sen per ordinary share for the financial year ended 31 December 2013 will be paid on 27 June 2014 to Depositors registered in the Record of Depositors at the close of business on 30 May 2014.

A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) shares transferred to such Depositor's securities account before 4.00 p.m. on 30 May 2014 in respect of transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

DIPAK KAUR
LS 5204
Company Secretary

9 April 2014
Kuala Lumpur

NOTES:

A. This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965 (Act) and the Company's Articles of Association, the audited accounts do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.

B. Robert William Boyle, Hamidah Naziadin, Augustus Ralph Marshall and Morten Lundal are standing for re-election as Directors of the Company. The Board of Directors ("the Board") has considered the assessment of the four Directors and collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors, as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The profiles of the Directors, Robert William Boyle, Hamidah Naziadin, Augustus Ralph Marshall and Morten Lundal, are set out on pages 22 to 26 of the Company's Annual Report for the financial year ended 31 December 2013.

   An assessment of the independence of all independent Directors including Robert William Boyle and Hamidah Naziadin was undertaken as part of the Board's assessment in 2013 and at the time of appointment respectively. The Nomination Committee and the Board considered the assessment results of the independence of Robert William Boyle and Hamidah Naziadin which was undertaken pursuant to criteria as prescribed by the MMLR and the 2012 Malaysian Code of Corporate Governance and are satisfied that they meet the criteria for independence. Robert William Boyle and Hamidah Naziadin were appointed as Directors on 17 September 2009 and 1 February 2014 respectively and both do not exceed the tenure of nine years.

C. The Audit Committee and the Board have considered the re-appointment of PwC as Auditors of the Company and collectively agree that PwC meets the criteria of the adequacy of experience and resources of the firm and the person assigned to the audit as prescribed by Para 15.21 of the MMLR.

Proxy

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote for him/her except in the circumstances set out in notes 2 and 3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy and the provision of section 149(1)(b) of the Act shall not apply to the Company.

2. Where a member of the Company is also a substantial shareholder (within the meaning of the Act) per the Record of Depositors, such member shall be entitled to appoint up to (but not more than) five proxies. For an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. Where a member of the Company is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds to which ordinary shares in the Company are credited. Each appointment of proxy by an authorised nominee may be made separately or in one instrument of proxy and shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.

4. The instrument appointing a proxy shall:
   (i) in the case of an individual, be signed by the appointor or by his/her attorney; and
   (ii) in the case of a corporation, be either under its common seal or under the hand of its duly authorised attorney or officer on behalf of the corporation.

5. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

6. The instrument appointing a proxy must be deposited at the office of our Company's Share Registrar, Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; otherwise the instrument of proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof. Fax copies of the duly executed form of proxy are not acceptable.

7. A proxy may vote on a show of hands and on a poll. If the form of proxy is returned without an indication as to how the proxy shall vote on any particular matter, the proxy may exercise his discretion as to whether to vote on such matter and if so, how.

8. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.

9. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.

Members Entitled to Attend

For purposes of determining the entitlement of a member to attend the Fifth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 81(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 30 April 2014. Only a Depositor whose name appears on the General Meeting Record of Depositors as at 30 April 2014 shall be entitled to attend the said meeting or appoint a proxy(ies) to attend and/or vote on such Depositor's behalf.

Toll-Free Line and Email Address

A toll-free line and an email account have been set up to attend to all queries from shareholders pertaining to the form of proxy and all other matters relating to the Fifth Annual General Meeting. The toll-free number is 1800 828 001 and the email address is agm2014@maxis.com.my. These will be valid from 9 April 2014 to 8 May 2014.

NOTES

PROXY
FORM

*I/*We .... *NRIC (new and old)/*Passport/*Company No ....
(FULL NAME OF A MEMBER IN BLOCK LETTERS AS PER *IDENTITY CARD/*PASSPORT/*CERTIFICATE OF INCORPORATION) (COMPULSORY : NEW AND OLD)

of ....
(ADDRESS)

telephone no. .... being a member of Maxis Berhad ("the Company"), hereby appoint

.... *NRIC/*Passport No ....
(FULL NAME OF A PROXY IN BLOCK LETTERS AS PER *IDENTITY CARD/*PASSPORT) (COMPULSORY)

of ....
(ADDRESS)

and/or .... *NRIC/*Passport No ....
(FULL NAME OF A PROXY IN BLOCK LETTERS AS PER *IDENTITY CARD/*PASSPORT) (COMPULSORY)

of ....
(ADDRESS)

Only in the case of a member who is a substantial shareholder/exempt authorised nominee

and/or .... *NRIC/*Passport No ....
(FULL NAME OF A PROXY IN BLOCK LETTERS AS PER *IDENTITY CARD/*PASSPORT) (COMPULSORY)

of ....
(ADDRESS)

and/or .... *NRIC/*Passport No ....
(FULL NAME OF A PROXY IN BLOCK LETTERS AS PER *IDENTITY CARD/*PASSPORT) (COMPULSORY)

of ....
(ADDRESS)

and/or .... *NRIC/*Passport No ....
(FULL NAME OF A PROXY IN BLOCK LETTERS AS PER *IDENTITY CARD/*PASSPORT) (COMPULSORY)

of ....
(ADDRESS)

or failing *him/her, THE CHAIRMAN OF THE MEETING as *my/our *proxy/proxies to vote for *me/us and on *my/our behalf at the Fifth Annual General Meeting of the Company to be held on Wednesday, 7 May 2014 at 2.15pm at the Ballroom 1, Level 3, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia and at any adjournment thereof. *I/We indicate with an "√" or "X" in the spaces below how *I/we wish *my/our vote to be cast:

AGENDA

1 To consider the Audited Financial Statements and the Reports of Directors and Auditors thereon

	ORDINARY RESOLUTIONS		FOR	AGAINST
2	Declaration of final dividend	(Resolution 1)		
3(i)	Re-election of Robert William Boyle	(Resolution 2)		
3(ii)	Re-election of Augustus Ralph Marshall	(Resolution 3)		
4 (i)	Re-election of Hamidah Naziadin	(Resolution 4)		
4 (ii)	Re-election of Morten Lundal	(Resolution 5)		
5	Re-appointment of Auditors	(Resolution 6)		

Subject to the above stated voting instructions, *my/*our proxy may vote or abstain from voting on any resolution as *he/*she/*they may think fit.

If appointment of proxy is under hand

No. of shares held: ....

Securities Account No.: ....
(CDS Account No.) (Compulsory)

....
Signed by *individual member/*officer or attorney of member/*authorised nominee of

Date :

.... (beneficial owner)

If appointment of proxy is under seal

Seal

The Common Seal of ....
was hereto affixed in accordance with its Articles of Association in the presence of:

No. of shares held: ....

....
Director *Director/*Secretary

Securities Account No.: ....
(CDS Account No.) (Compulsory)

in its capacity as *member/*attorney of member/ *authorised nominee of

Date :

.... (beneficial owner)

The proportions of *my/*our holding to be represented by *my/*our proxies are as follows:

First Proxy
No. of Shares: ....

Percentage: .... %

Second Proxy
No. of Shares: ....

Percentage: .... %

Only in the case of a member who is a substantial shareholder/ exempt authorised nominee

The proportions of *my/*our holding to be represented by *my/*our proxies are as follows:

Third Proxy
No. of Shares: ....

Percentage: .... %

Fourth Proxy
No. of Shares: ....

Percentage: .... %

Fifth Proxy
No. of Shares: ....

Percentage: .... %

Notes to form of proxy:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote for him/her except in the circumstances set out in notes 2 and 3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy and the provision of section 149(1)(b) of the Act shall not apply to the Company.
2. Where a member of the Company is also a substantial shareholder (within the meaning of the Act) per the Record of Depositors, such member shall be entitled to appoint up to (but not more than) five proxies. For an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. Where a member of the Company is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds to which ordinary shares in the Company are credited. Each appointment of proxy by an authorised nominee may be made separately or in one instrument of proxy and shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
4. The instrument appointing a proxy shall:
   (i) in the case of an individual, be signed by the appointor or by his/her attorney; and
   (ii) in the case of a corporation, be either under its common seal or under the hand of its duly authorised attorney or officer on behalf of the corporation.
5. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
6. The instrument appointing a proxy must be deposited at the office of our Company's Share Registrar, Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; otherwise the instrument of proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof. Fax copies of the duly executed form of proxy are not acceptable.
7. A proxy may vote on a show of hands and on a poll. If the form of proxy is returned without an indication as to how the proxy shall vote on any particular matter, the proxy may exercise his discretion as to whether to vote on such matter and if so, how.
8. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
9. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.

MEMBERS ENTITLED TO ATTEND

For purposes of determining the entitlement of a member to attend the Fifth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 81(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 30 April 2014. Only a Depositor whose name appears on the General Meeting Record of Depositors as at 30 April 2014 shall be entitled to attend the said meeting or appoint a proxy(ies) to attend and/or vote on such Depositor's behalf.

TOLL-FREE LINE AND EMAIL ADDRESS

A toll-free line and an email account have been set up to attend to all queries from shareholders pertaining to the form of proxy and all other matters relating to the Fifth Annual General Meeting. The toll-free number is 1800 828 001 and the email address is agm2014@maxis.com.my. These will be valid from 9 April 2014 to 8 May 2014.

* delete if inappropriate

fold here

maxis

Maxis Berhad (867573-A)

STAMP

Maxis Berhad

c/o Symphony Share Registrars Sdn Bhd 378993-D

Level 6, Symphony House

Block D13, Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya, Selangor

Malaysia

fold here

maxis

Maxis Berhad (867573-A)
Level 18, Menara Maxis
Kuala Lumpur City Centre
Off Jalan Ampang
50088 Kuala Lumpur

maxis.com.my