

# 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 2009.

## PRINCIPAL ACTIVITIES

The Company was incorporated on 7 August 2009 as a public company limited by shares under its current name. The principal activity of the Company is investment holding, whilst the principal activities of the Group 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 19 to the financial statements.

## SIGNIFICANT EVENTS

Prior to the listing and quotation exercise of the Company's shares on the Main Market of Bursa Malaysia Securities Berhad (the "Listing"), Maxis Communications Berhad ("MCB") implemented a restructuring exercise to consolidate its telecommunications operations in Malaysia under the Company ("Pre-Listing Restructuring"). On 1 October 2009, the Company acquired the entire issued and paid-up share capital of the Subsidiaries (as defined in Note 2 to the financial statements) held by MCB for a total purchase consideration of RM34,998,250,000, of which RM31,190,400,000 was satisfied by issuance of shares to MCB and RM3,807,850,000 constituted an amount payable by the Company to MCB which was subsequently fully repaid as described in Note 38 to the financial statements.

As part of the Pre-Listing Restructuring, on 30 September 2009, Maxis Mobile Services Sdn. Bhd. ("MMSSB") disposed off Althem B.V. ("ABV"), which held 44% equity interest in PT Natrindo Telepon Seluler ("NTS"), to MCB for a total cash consideration of RM1,018,853,000 which was equivalent to its cost of investment in ABV.

The Pre-Listing Restructuring exercise which was completed on 1 October 2009, also comprised the steps set out below:

- (a) Declaration of dividends by certain Subsidiaries to MCB and Binariang GSM Sdn Bhd ("BGSM") as follows:
  - (i) RM4,025,616,000 was declared to MCB by Maxis Broadband Sdn Bhd ("MBSB"), Maxis International Sdn Bhd ("MISB"), Maxis Mobile Sdn Bhd ("MMSB") and MMSSB, of which RM2,841,457,000 was paid in cash and RM1,184,159,000 constituted an amount payable by MBSB to MCB which was subsequently fully repaid as described in Note 38 to the financial statements. Of the sum of RM2,841,457,000, RM958,162,000 was paid by MMSSB with the remaining RM1,883,295,000 paid by MBSB, MISB and MMSB of which RM576,000,000 was paid prior to and RM1,307,295,000 was paid after the completion of the acquisition of the Subsidiaries;
  - (ii) RM290,000,000 was declared by MBSB to BGSM in respect of Redeemable Preference Shares ("RPS") of MBSB held by BGSM which was paid in cash;
- (b) Redemption of 100,000 units of MBSB's RPS issued to BGSM for a cash consideration of RM1,000,000; and
- (c) Cash settlement of intercompany balances owing by MCB to certain Subsidiaries of RM704,628,000.

## SIGNIFICANT EVENTS (CONTINUED)

In relation to the Listing, the Group has incurred the following non-recurring costs:

- (a) Share-based payments of RM53,074,000 relating to the discount on shares issued to retail investors; and
- (b) Listing and related expenses of RM49,816,000.

Details are shown in Note 33 to the financial statements.

## FINANCIAL RESULTS

	2009 Group RM'000	7.8.2009 to 31.12.2009 Company RM'000
Profit for the financial year attributable to:		
- Equity holders of the Company	1,577,786	567,248
- Minority interests	0	0
Profit for the financial year	<b>1,577,786</b>	<b>567,248</b>

The Directors draw attention to the basis of preparation in Note 2 to the financial statements which states that the audited financial statements are prepared using the purchase method of accounting as the Company had completed its acquisitions of the Subsidiaries on 1 October 2009.

Under the terms of Financial Reporting Standard 3 Business Combination ("FRS 3"), MMSSB was deemed to be the accounting acquirer in the business combination. This transaction has therefore been accounted for as a reverse acquisition under FRS 3. Accordingly, the results of the Group for the financial year ended 31 December 2009 as above reflect the effects of the reverse acquisition. Financial results and position of the Group for periods prior to 1 October 2009 represent that of MMSSB's mobile retail business and its 44% effective equity interest in NTS, the Indonesian mobile operations. The comparative information of the Group from 1 January 2008 to 31 December 2008 presented in the consolidated financial statements is that of MMSSB Group.

Note 2 to the financial statements sets out the implications of the application of FRS 3 on each of the financial statements and Note 33 to the financial statements sets out further details of the business combination with additional proforma on comparable financial results on the assumption that the business combination had been effected on 1 January 2008.

## DIVIDENDS

### The Company

The dividends on ordinary shares paid by the Company were as follows:

In respect of the financial year ended 31 December 2009:

	RM'000
First interim single tier tax exempt dividend of 6.00 sen per ordinary share, paid on 15 January 2010	<b>450,000</b>

Subsequent to the financial year, on 25 February 2010, the Board of Directors declared a second interim single tier tax exempt dividend of 6.00 sen per ordinary share in respect of the financial year ended 31 December 2009, amounting to RM450,000,000 which was paid on 30 March 2010. The financial statements for the financial year ended 31 December 2009 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 2010.

The Directors recommend the payment of a final single tier tax exempt dividend of 3.00 sen per ordinary share, amounting to RM225,000,000 in respect of the financial year ended 31 December 2009, which is subject to shareholders' approval at the forthcoming Annual General Meeting to be paid on a date to be determined.

## DIRECTORS' REPORT (CONTINUED)

**DIVIDENDS (CONTINUED)**MMSSB

The dividends declared in respect of the financial year ended 31 December 2009 prior to 1 October 2009 as set out below represents MMSSB's dividends paid to MCB pursuant to the Pre-Listing Restructuring as described in the "Significant Events" note in this Report.

	<b>RM'000</b>
a) First interim single tier tax exempt dividend of 37.1 sen per ordinary share, paid on 17 July 2009	<b>480,000</b>
b) Second interim single tier tax exempt dividend of 29.5 sen per ordinary share, paid on 1 October 2009	<b>382,000</b>
c) Third interim single tier tax exempt dividend of 7.4 sen per ordinary share, paid on 8 October 2009	<b>96,162</b>
	<b>958,162</b>

**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**

The Company was incorporated on 7 August 2009 with an authorised share capital of 12,000,000,000 ordinary shares at RM0.10 each. The issued and paid-up capital was 2 ordinary shares at RM0.10 each on the date.

On 1 October 2009, the Company issued 7,499,999,998 ordinary shares at RM4.16 each, representing par value of RM0.10 each and premium of RM4.06 each to MCB, as part of the purchase consideration to acquire the Subsidiaries (as defined in Note 2 to the financial statements) pursuant to the Pre-Listing Restructuring as described in the "Significant Events" note in this Report.

On 19 November 2009, the Company's shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad following the completion of the offer for sale by MCB of 2,250,000,000 shares representing 30% of the Company's ordinary shares.

**DIRECTORS**

The Directors who have held office since the date of incorporation and at the date of this Report are as follows:

**Non-executive Directors**

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda (Appointed with effect from 16 October 2009)

Robert William Boyle (Appointed with effect from 17 September 2009)

Dato' Mokhzani bin Mahathir (Appointed with effect from 16 October 2009)

Asgari bin Mohd Fuad Stephens (Appointed with effect from 16 October 2009)

Eng Saud Majed A AlDaweesh (Appointed with effect from 19 October 2009)

Dr Fahad Hussain S. Mushayt (Appointed with effect from 25 September 2009)

Ghassan Hasbani (Appointed with effect from 25 September 2009)

Augustus Ralph Marshall (First Director)

Chan Chee Beng (First Director)

**Executive Director**

Sandip Das (Appointed with effect from 17 September 2009)

## DIRECTORS' REPORT (CONTINUED)

**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.

Since the date of incorporation, 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' INTERESTS IN SHARES**

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 date of incorporation	Bought*	Sold	As at 31.12.2009
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	0	750,000 <sup>(1)</sup>	0	750,000 <sup>(1)</sup>
Robert William Boyle	0	100,000 <sup>(2)</sup>	0	100,000 <sup>(2)</sup>
Dato' Mokhzani bin Mahathir	0	750,000	0	750,000
Asgari bin Mohd Fuad Stephens	0	750,000 <sup>(1)</sup>	0	750,000 <sup>(1)</sup>
Augustus Ralph Marshall	0	750,000 <sup>(1)</sup>	0	750,000 <sup>(1)</sup>
Chan Chee Beng	0	750,000	0	750,000
Sandip Das	0	750,000 <sup>(2)</sup>	0	750,000 <sup>(2)</sup>

\* Subscription of Company's shares under the preferential share allocation scheme pursuant to the Listing of the Company

<sup>(1)</sup> Held through a nominee, namely CIMSEC Nominees (Tempatan) Sdn Bhd

<sup>(2)</sup> Held through a nominee, namely CIMSEC Nominees (Asing) Sdn Bhd

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 of its related corporations during the financial year.

**IMMEDIATE HOLDING AND ULTIMATE HOLDING COMPANY**

The Directors regard MCB as the immediate holding company and BGSM as the ultimate holding company. Both companies are incorporated and domiciled in Malaysia.

**STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS**

Before the income statements and balance sheets 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 doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; 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.

## DIRECTORS' REPORT (CONTINUED)

**STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)**

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 doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve 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 as shown in Note 33 to the financial statements; 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 21 April 2010.

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

**SANDIP DAS**  
DIRECTOR

Kuala Lumpur

# INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

		Group		Company
	Note	2009 RM'000	2008 RM'000	7.8.2009 to 31.12.2009 RM'000
Revenue	6	<b>7,611,113</b>	7,184,440	<b>690,000</b>
Interconnect expenses, Universal Services Provision contributions and other direct cost of sales		<b>(4,586,821)</b>	(5,883,650)	<b>0</b>
Gross profit		<b>3,024,292</b>	1,300,790	<b>690,000</b>
Other income		<b>877,266</b>	0	<b>0</b>
Administrative expenses		<b>(1,206,426)</b>	(931,138)	<b>(3,401)</b>
Network operation costs		<b>(281,929)</b>	0	<b>0</b>
Other expenses		<b>(146,758)</b>	(49,801)	<b>(84,730)</b>
Profit from operations	7	<b>2,266,445</b>	319,851	<b>601,869</b>
Finance income	11(a)	<b>21,051</b>	34,792	<b>30</b>
Finance costs	11(b)	<b>(73,340)</b>	(62,491)	<b>(34,651)</b>
Share of results of jointly controlled entity		<b>(275,159)</b>	(287,557)	<b>0</b>
Profit before tax		<b>1,938,997</b>	4,595	<b>567,248</b>
Tax expenses	12	<b>(361,211)</b>	(105,955)	<b>0</b>
Profit/(loss) for the financial year		<b>1,577,786</b>	(101,360)	<b>567,248</b>
Attributable to:				
Equity holders		<b>1,577,786</b>	(101,360)	
Minority interests		<b>0</b>	0	
		<b>1,577,786</b>	(101,360)	
Earnings/(loss) per share for profit attributable to the equity holders:				
- Basic (sen)	13	<b>27.25</b>	(1.94)	
- Diluted (sen)		<b>*</b>	<b>*</b>	

\* As there is no dilutive potential ordinary shares as at 31 December 2009 and 31 December 2008, diluted earnings per share is not shown.

The notes on pages 103 to 155 form part of these financial statements.

# BALANCE SHEETS

AS AT 31 DECEMBER 2009

		Group		Company
	Note	2009 RM'000	2008 RM'000	2009 RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	15	4,555,204	186,470	0
Intangible assets	16	11,018,865	34,490	0
Prepaid lease payments	17	6,571	264	0
Investment in subsidiaries	19	0	0	35,012,760
Interest in a jointly controlled entity	20(a)	0	922,290	0
Loan to a jointly controlled entity	20(b)	0	173,500	0
Deferred tax assets	22	85,597	99,128	0
<b>TOTAL NON-CURRENT ASSETS</b>		<b>15,666,237</b>	1,416,142	<b>35,012,760</b>
CURRENT ASSETS				
Amounts due from a subsidiary	18	0	0	941
Amounts due from fellow subsidiaries	21	0	28,554	0
Amount due from immediate holding company	21	297	728	0
Amount due from a jointly controlled entity	20(c)	0	5	0
Inventories	23	133,412	21,003	0
Receivables, deposits and prepayments	24	790,244	436,856	340
Tax recoverable		6,402	36,174	0
Amounts due from related parties	25	9,447	3,567	0
Dividends receivable		0	0	400,000
Cash and cash equivalents	26	1,192,068	1,196,967	267,107
<b>TOTAL CURRENT ASSETS</b>		<b>2,131,870</b>	1,723,854	<b>668,388</b>
<b>TOTAL ASSETS</b>		<b>17,798,107</b>	3,139,996	<b>35,681,148</b>

The notes on pages 103 to 155 form part of these financial statements.

	Note	Group		Company
		2009 RM'000	2008 RM'000	2009 RM'000
LESS: CURRENT LIABILITIES				
Provisions for liabilities and charges	29	55,195	14,415	0
Payables and accruals	30	2,495,549	933,522	26,651
Amounts due to related parties	25	18,635	25,657	2
Amounts due to a subsidiary	18	0	0	1,242
Amounts due to fellow subsidiaries	21	1,243	212,166	0
Amount due to immediate holding company	21	38,352	0	34,681
Loan from a related party	25	31,492	0	0
Finance lease liabilities	31	22,046	0	0
Taxation		198,414	0	0
Dividends payable		450,000	0	450,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,310,926</b>	1,185,760	<b>512,576</b>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(1,179,056)</b>	538,094	<b>155,812</b>
NON-CURRENT LIABILITIES				
Provisions for liabilities and charges	29	115,620	0	0
Payables and accruals	30	7,499	0	0
Finance lease liabilities	31	21,139	0	0
Loan from a fellow subsidiary	21	0	430,002	0
Loan from immediate holding company	21	4,992,009	0	3,807,850
Deferred tax liabilities	22	405,807	0	0
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,542,074</b>	430,002	<b>3,807,850</b>
<b>NET ASSETS</b>		<b>8,945,107</b>	1,524,234	<b>31,360,722</b>
EQUITY				
Share capital	27	750,000	1,293,884	750,000
Reserves		8,195,107	230,350	30,610,722
<b>TOTAL EQUITY</b>		<b>8,945,107</b>	1,524,234	<b>31,360,722</b>

The notes on pages 103 to 155 form part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

← Attributable to equity holders of the Company →									
Group	Note	Number of shares '000	Nominal value RM'000	Share premium RM'000	Merger relief (Note 28(a)) RM'000	Reserve arising from reverse acquisition (Note 28(b)) RM'000	Other reserves (Note 28(c)) RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 January 2009 <sup>(1)</sup>		1,293,884	1,293,884	61,000	0	0	(91,550)	260,900	1,524,234
Net income recognised directly in equity									
– Currency translation differences		0	0	0	0	0	69,205	0	69,205
Profit for the financial year		0	0	0	0	0	0	1,577,786	1,577,786
Total recognised income for the financial year		0	0	0	0	0	69,205	1,577,786	1,646,991
Disposal of a subsidiary	33(b)	0	0	0	0	0	27,570	0	27,570
Acquisition of subsidiaries		6,206,116	(543,884)	(61,000)	30,440,400	(22,728,901)	(5,215)	0	7,101,400
Share-based payments in relation to listing and quotation exercise (the "Listing")		0	0	0	0	0	53,074	0	53,074
Dividends for the financial year ended 2009 payable to:									
– MCB	14	0	0	0	0	0	0	(958,162)	(958,162)
– the Company's shareholders	14	0	0	0	0	0	0	(450,000)	(450,000)
As at 31 December 2009 <sup>(2)</sup>		7,500,000	750,000	0	30,440,400	(22,728,901)	53,084	430,524	8,945,107

<sup>(1)</sup> Represents issued and fully paid ordinary shares of RM1.00 of MMSSB

<sup>(2)</sup> Represents issued and fully paid ordinary shares of RM0.10 of Maxis Berhad

The notes on pages 103 to 155 form part of these financial statements.

← Attributable to equity holders of Maxis Mobile Services Sdn Bhd →

Group	Issued and fully paid ordinary shares of RM1.00 each		Share premium RM'000	Other reserves (Note 28(c)) RM'000	Retained earnings RM'000	Total equity RM'000
	Number of shares '000	Nominal value RM'000				
As at 1 January 2008	1,293,884	1,293,884	61,000	(57,435)	362,260	1,659,709
Net expense recognised directly in equity						
– Currency translation differences	0	0	0	(34,115)	0	(34,115)
Loss for the financial year	0	0	0	0	(101,360)	(101,360)
Total recognised expense for the financial year	0	0	0	(34,115)	(101,360)	(135,475)
As at 31 December 2008	1,293,884	1,293,884	61,000	(91,550)	260,900	1,524,234

Company	Note	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable	Distributable		Total RM'000
		Number of shares '000	Nominal value RM'000		Other reserve (Note 28(c)) RM'000	Merger relief (Note 28(a)) RM'000	
As at date of incorporation		*	*	0	0	0	0
Profit for the financial year		0	0	0	0	567,248	567,248
Issuance of shares for acquisition of subsidiaries	33(a)	7,500,000	750,000	0	30,440,400	0	31,190,400
Share-based payments in relation to the Listing		0	0	53,074	0	0	53,074
Dividends for the financial year ended 2009	14	0	0	0	0	(450,000)	(450,000)
As at 31 December 2009		7,500,000	750,000	53,074	30,440,400	117,248	31,360,722

\* The Company was incorporated on 7 August 2009 with issued and paid-up capital of RM0.20 represented by 2 ordinary shares.

The notes on pages 103 to 155 form part of these financial statements.

# CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Group		Company
	2009 RM'000	2008 RM'000	7.8.2009 to 31.12.2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the financial year	1,577,786	(101,360)	567,248
Adjustments for:			
Allowance for:			
- doubtful debts	124,578	34,187	0
- inventories obsolescence	2,742	73	0
Amortisation of intangible assets	46,939	33,818	0
Amortisation of prepaid lease payments	30	14	0
Bad debts written off	75,994	53,319	0
Depreciation of property, plant and equipment	310,367	46,201	0
Dividend income	0	0	(690,000)
Finance costs	73,340	62,491	34,651
Finance income	(21,051)	(34,792)	(30)
Gain on disposal of a subsidiary	(875,778)	0	0
(Gain)/loss on disposal of prepaid lease payments	(49)	93	0
Loss on disposal of property, plant and equipment	41	265	0
Property, plant and equipment written off	7,427	598	0
Provision for:			
- staff incentive scheme	13,194	17,018	0
- site rectification and decommissioning works	3,749	0	0
Reversal of allowance for:			
- doubtful debts	(37,824)	(36,113)	0
- inventories obsolescence	(994)	0	0
- wayleave deposits	(2,694)	0	0
Share of results of jointly controlled entity	275,159	287,557	0
Share-based payments in relation to the Listing	53,074	0	53,074
Tax expenses	361,211	105,955	0
Unrealised (gain)/loss on foreign exchange	(2,271)	445	0
Write-back of provision for:			
- staff incentive scheme	(4,562)	0	0
- site rectification and decommissioning works	(7,807)	0	0
	1,972,601	469,769	(35,057)

The notes on pages 103 to 155 form part of these financial statements.

	Note	Group		Company
		2009 RM'000	2008 RM'000	7.8.2009 to 31.12.2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)				
Payment under staff incentive scheme		<b>(11,118)</b>	(14,303)	<b>0</b>
Payments for site rectification and decommissioning works		<b>(212)</b>	0	<b>0</b>
Payments for handset subsidies		<b>(104,846)</b>	(31,823)	<b>0</b>
Payment for ESOS – Equivalent Cash Consideration		<b>(69,158)</b>	(105,112)	<b>0</b>
Operating cash flows before working capital changes		<b>1,787,267</b>	318,531	<b>(35,057)</b>
Changes in working capital:				
Inventories		<b>(18,964)</b>	(13,650)	<b>0</b>
Receivables		<b>(181,152)</b>	(84,481)	<b>(314)</b>
Payables		<b>375,567</b>	11,258	<b>26,651</b>
Related parties balances		<b>(14,505)</b>	7,640	<b>2</b>
Jointly controlled entity		<b>5</b>	(3)	<b>0</b>
Fellow subsidiaries balances		<b>(183,030)</b>	1,154,432	<b>331</b>
Immediate holding company balances		<b>(362,106)</b>	281,288	<b>0</b>
Cash flow from/(used in) operations		<b>1,403,082</b>	1,675,015	<b>(8,387)</b>
Dividend received		<b>0</b>	0	<b>290,000</b>
Interest received		<b>22,458</b>	33,387	<b>4</b>
Tax paid		<b>(180,564)</b>	(124,287)	<b>0</b>
Net cash flow from operating activities		<b>1,244,976</b>	1,584,115	<b>281,617</b>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash inflow/(outflow) from acquisition of subsidiaries	33(a)	<b>170,015</b>	0	<b>(14,510)</b>
Purchase of property, plant and equipment		<b>(589,997)</b>	(66,416)	<b>0</b>
Proceeds from disposal of property, plant and equipment		<b>4,100</b>	813	<b>0</b>
Proceeds from disposal of prepaid lease payments		<b>313</b>	287	<b>0</b>
Proceeds from disposal of a subsidiary	33(b)	<b>1,018,643</b>	0	<b>0</b>
Repayment of loan from immediate holding company		<b>0</b>	(519,150)	<b>0</b>
Repayment of loan from a fellow subsidiary		<b>0</b>	(171,415)	<b>0</b>
Net cash flow from/(used in) investing activities		<b>603,074</b>	(755,881)	<b>(14,510)</b>

The notes on pages 103 to 155 part of these financial statements.

CASH FLOW STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

		Group		Company
	Note	2009 RM'000	2008 RM'000	7.8.2009 to 31.12.2009 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Settlement of intercompany balances by Subsidiaries:				
- Dividends paid to immediate holding company pursuant to the Pre-Listing Restructuring by Other Subsidiaries	2(a)	<b>(1,307,295)</b>	0	<b>0</b>
- Dividends paid to ultimate holding company pursuant to the Pre-Listing Restructuring by Other Subsidiaries	2(a)	<b>(290,000)</b>	0	<b>0</b>
- Dividends paid to immediate holding company pursuant to the Pre-Listing Restructuring by MMSSB	2(a)	<b>(958,162)</b>	0	<b>0</b>
Redemption of redeemable preference shares pursuant to the Pre-Listing Restructuring	2(b)	<b>(1,000)</b>	0	<b>0</b>
Settlement of intercompany balances by immediate holding company pursuant to the Pre-Listing Restructuring	2(c)	<b>704,628</b>	0	<b>0</b>
Repayment of lease financing		<b>(920)</b>	0	<b>0</b>
Interest paid		<b>(274)</b>	0	<b>0</b>
Net cash flow used in financing activities		<b>(1,853,023)</b>	0	<b>0</b>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<b>(4,973)</b>	828,234	<b>267,107</b>
EFFECTS OF EXCHANGE RATE CHANGES		<b>74</b>	0	<b>0</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<b>1,196,967</b>	368,733	<b>0</b>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	26	<b>1,192,068</b>	1,196,967	<b>267,107</b>

The notes on pages 103 to 155 form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

## 1 GENERAL INFORMATION

The Company was incorporated on 7 August 2009 as a public company limited by shares under its current name. The principal activity of the Company is investment holding, whilst the principal activities of the Group, comprising of the Company and its subsidiaries ("Maxis Group"), 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 19 to the financial statements.

The Directors regard Maxis Communications Berhad ("MCB") as the immediate holding company and Binariang GSM Sdn. Bhd. ("BGSM") as the ultimate holding company. Both 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 the provisions of the Companies Act, 1965 and Financial Reporting Standards ("FRS"), Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities. 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 Financial Reporting Standards requires the use of 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 are based on the Directors' best knowledge of current events and actions, actual results may differ.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2009 (CONTINUED)

#### 2 BASIS OF PREPARATION (CONTINUED)

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.

Prior to the Listing of the Company's shares on the Main Market of Bursa Malaysia Securities Berhad, MCB implemented a restructuring exercise to consolidate its telecommunications operations in Malaysia under the Company ("Pre-Listing Restructuring"). On 1 October 2009, the Company acquired the entire issued and paid-up share capital of Maxis Broadband Sdn. Bhd. ("MBSB") (which wholly owns Maxis Online Sdn. Bhd.), Maxis International Sdn. Bhd. ("MISB") (which wholly owns Maxis Asia Access Pte. Ltd.), Maxis Mobile Sdn. Bhd. ("MMSB") (which wholly owns Maxis Mobile (L) Ltd.), Maxis Mobile Services Sdn. Bhd. ("MMSSB"), Maxis Collections Sdn. Bhd., Maxis Multimedia Sdn. Bhd., and 75% of the issued and paid-up share capital of Advanced Wireless Technologies Sdn. Bhd. (which wholly owns UMTS (Malaysia) Sdn. Bhd.) (collectively known as "Subsidiaries") held by MCB for a total purchase consideration of RM34,998,250,000, of which RM31,190,400,000 was satisfied by issuance of shares to MCB and RM3,807,850,000 constituted an amount payable by the Company to MCB which was subsequently fully repaid as described in Note 38 to the financial statements. The business combination has been accounted as a reverse acquisition as in substance MMSSB, the provider of telecommunications products and services, is the accounting acquirer whilst the Subsidiaries other than MMSSB ("Other Subsidiaries") are mainly involved in provision of network facilities services and operation of international gateway.

As part of the Pre-Listing Restructuring, on 30 September 2009, MMSSB disposed off Althem B.V. ("ABV"), which held 44% equity interest in PT Natrindo Telepon Seluler ("NTS"), to MCB for a total cash consideration of RM1,018,853,000 which was equivalent to its cost of investment in ABV.

The financial effects of the Pre-Listing Restructuring are shown in Note 33 to the financial statements.

The Pre-Listing Restructuring exercise which was completed on 1 October 2009, also comprised the steps as set out below:

- (a) Declaration of dividends by certain Subsidiaries to MCB and BGSM as follows:
  - (i) RM4,025,616,000 was declared to MCB by MBSB, MISB, MMSB and MMSSB, of which RM2,841,457,000 was paid in cash and RM1,184,159,000 constituted an amount payable by MBSB to MCB which was subsequently fully repaid as described in Note 38 to the financial statements. Of the sum of RM2,841,457,000, RM958,162,000 was paid by MMSSB with the remaining RM1,883,295,000 paid by MBSB, MISB and MMSB of which RM576,000,000 was paid prior to and RM1,307,295,000 was paid after the completion of the acquisition of the Subsidiaries;
  - (ii) RM290,000,000 was declared by MBSB to BGSM in respect of Redeemable Preference Shares ("RPS") of MBSB held by BGSM which was paid in cash;
- (b) Redemption of 100,000 units of MBSB's RPS issued to BGSM for a cash consideration of RM1,000,000; and
- (c) Cash settlement of intercompany balances owing by MCB to certain Subsidiaries of RM704,628,000.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**2 BASIS OF PREPARATION (CONTINUED)**

The acquisitions of the Subsidiaries are accounted for using the purchase method of accounting under FRS 3 as follows:

- MMSSB has been identified as the accounting acquirer as the substance of the business combination is that MMSSB acquired the Company and the Other Subsidiaries in a reverse acquisition;
- The business combination cost deemed to have been incurred by MMSSB for the acquisition of the Other Subsidiaries amounted to RM10,923,760,000. The difference between the business combination cost and the fair value of assets and liabilities of the Other Subsidiaries amounting to RM219,087,000 is recorded as goodwill and disclosed as intangible assets; and
- The difference between the issued equity of the Company and the issued equity of MMSSB together with the deemed purchase consideration of the Other Subsidiaries and cash distribution to MCB, amounting to RM22,728,901,000 is recorded as reserve arising from reverse acquisition.

The following accounting treatment has been applied in the consolidated financial statements in respect of the reverse acquisition:

- (i) the assets and liabilities of the accounting acquirer, MMSSB, are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- (ii) the retained earnings and other equity balances of the Group immediately before the business combination, and the results of the period from 1 January 2009 to the date of the business combination are those of MMSSB Group;
- (iii) the equity structure however reflects the equity structure of the Company, including the equity instruments issued to effect the business combination; and
- (iv) comparative numbers presented are those of MMSSB Group, for the financial year ended 31 December 2008.

The detailed implications of the above accounting treatment are as follows:

Consolidated Income Statements

- The 2009 Consolidated Income Statement comprises MMSSB Group's results for the 9 months ended 30 September 2009 and Maxis Group's results for the 3 months ended 31 December 2009.
- The 2008 Consolidated Income Statement comprises MMSSB Group's results for the financial year ended 31 December 2008.

Consolidated Balance Sheets

- The 2009 Consolidated Balance Sheet represents financial position of Maxis Group as at 31 December 2009 after reflecting the effects of the acquisitions of the Subsidiaries.
- The 2008 Consolidated Balance Sheet represents financial position of MMSSB Group as at 31 December 2008.

Consolidated Statements Of Changes in Equity

- The 2009 Consolidated Statement of Changes in Equity comprises:
  - The equity balance of MMSSB Group at the beginning of the financial year.
  - The transactions for the financial year, being 9 months ended 30 September 2009 MMSSB Group's transactions and Maxis Group's transactions for the 3 months ended 31 December 2009.
  - The equity balance of Maxis Group at the end of the financial year.
- The 2008 Consolidated Statement of Changes in Equity comprises MMSSB Group's transactions for the financial year ended 31 December 2008.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2009 (CONTINUED)

## 2 BASIS OF PREPARATION (CONTINUED)

### Consolidated Cash Flow Statements

- The 2009 Consolidated Cash Flow Statement comprises:
  - The cash balance of MMSSB Group at the beginning of the financial year.
  - The transactions for the financial year, being 9 months ended 30 September 2009 MMSSB Group's transactions and Maxis Group's transactions for the 3 months ended 31 December 2009.
  - The cash balance of Maxis Group at the end of the financial year.
- The 2008 Consolidated Cash Flow Statement comprises MMSSB Group's transactions for the financial year ended 31 December 2008.

The Company's financial statements are for the period of 7 August 2009 (date of incorporation) to 31 December 2009. There is no comparative information for the Company as it was incorporated during the current financial year.

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

The Group will apply the following new standards, amendments to standards and interpretations from financial period beginning on or after 1 January 2010:

- Amendment to FRS 2 "Share-based Payment: Vesting conditions and cancellations" (effective from 1 January 2010) clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The improvement to FRS 2 (effective from 1 July 2010) clarifies that contributions of a business on formation of a joint venture and common control transactions are outside the scope of FRS 2. The Group does not anticipate significant impact to the financial statements and position arising from the application of this FRS.
- The revised FRS 3 "Business Combinations" (effective prospectively from 1 July 2010). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. The Group does not anticipate significant impact to the financial statements and position arising from the application of this FRS.
- FRS 7 "Financial Instruments: Disclosures" (effective from 1 January 2010) provides information to users of financial statements about an entity's exposure to risks and how the entity manages those risks. The improvement FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the income statement.
- Amendment to FRS 7 "Financial instruments: Disclosures" (effective from 1 January 2011) requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by fair value measurement hierarchy.
- FRS 8 "Operating Segments" (effective from 1 July 2009) replaces FRS 114<sub>2004</sub> Segment Reporting. The new standard requires a 'management approach', under which segment information is reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The improvement to FRS 8 (effective from 1 January 2010) clarifies that the entities that do not provide information about segment assets to the chief operating decision-maker will no longer need to report this information. Prior year comparatives must be restated. The Group is still in the progress of assessing the reportable segment and presentation of segment information.
- The revised FRS 101 "Presentation of Financial Statements" (effective from 1 January 2010) prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity. "Non-owner changes in equity" are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group is likely to present both the income statement and statement of comprehensive income as performance statements.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**2 BASIS OF PREPARATION (CONTINUED)**

**(i) Standards, amendments to published standards and Issues Committee (“IC”) Interpretations to existing standards that are applicable to the Group but not yet effective (continued)**

- FRS 123 “Borrowing Costs” (effective from 1 January 2010) which replaces FRS123<sup>2004</sup>, requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs is removed. The improvement to FRS 123 clarifies that the definition of borrowing costs includes interest expense calculated using the effective interest method defined in FRS 139 “Financial Instruments: Recognition and Measurement”. The Group does not anticipate significant impact to the financial statements and position arising from the application of this FRS.
- Amendment to FRS 127 “Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate” (effective from 1 January 2010) removes the definition of the cost method from FRS 127 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The revised FRS 127 “Consolidated and Separate Financial Statements” (effective prospectively from 1 July 2010) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group does not anticipate significant impact to the financial statements and position arising from the application of this FRS.
- FRS 139 “Financial Instruments: Recognition and Measurement” (effective from 1 January 2010) establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted under strict circumstances. The amendments to FRS 139 provide further guidance on eligible hedged items. The amendments provide guidance for two situations. On the designation of a one-sided risk in a hedged item, the amendments conclude that a purchased option designated in its entirety as the hedging instrument of a one-sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations. The improvement to FRS 139 clarifies that the scope exemption in FRS 139 only applies to forward contracts but not options for business combinations that are firmly committed to being completed within a reasonable timeframe.
- IC Interpretation 9 “Reassessment of Embedded Derivatives” (effective from 1 January 2010) requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The improvement to IC Interpretation 9 (effective from 1 July 2010) clarifies that this interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture.
- IC Interpretation 10 “Interim Financial Reporting and Impairment” (effective from 1 January 2010) prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group does not anticipate significant impact to the financial results and position arising from application of this IC interpretation.
- IC Interpretation 13 “Customer Loyalty Programmes” (effective from 1 January 2010) clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The Group does not anticipate significant impact to the financial results and position arising from application of this IC interpretation.

The Group has applied the transitional provision in the respective standards below which exempts entities from disclosing the possible impact arising from the initial application of the standards on the financial statements of the Group.

- FRS 7 – Financial Instruments: Disclosures and Improvement to FRS 7
- FRS 139 – Financial Instruments: Recognition and Measurement
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement and Improvement to FRS 139
- IC Interpretation 9 – Reassessment of Embedded Derivatives

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2009 (CONTINUED)

#### 2 BASIS OF PREPARATION (CONTINUED)

##### (ii) Standards, amendments to published standards and IC Interpretations to existing standards that are not yet effective and not relevant to the Group

The following standards, amendments to published standards and IC Interpretations are not yet effective and not relevant to the Group. These standards and IC Interpretations are effective for financial period beginning on or after 1 January 2010.

- Amendments to FRS 1 "First-time Adoption of Financial Reporting Standards" – Measurement of initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements (effective from 1 January 2010)
- Amendments to FRS 1 "First-time Adoption of Financial Reporting Standards" – Limited exemption from comparatives FRS 7 disclosures for First-time Adopters (effective from 1 January 2011)
- Amendments to FRS 132 "Financial Instruments: Presentation" and FRS 101 (revised) "Presentation of financial statements" – "Puttable financial instruments and obligations arising on liquidation" (effective from 1 January 2010)
- Amendments to FRS 132 "Financial Instruments: Presentation" – Classification for a compound instrument (effective from 1 January 2010)
- Amendments to FRS 132 "Financial Instruments: Presentation" – Accounting for rights issues (effective from 1 March 2010)
- FRS 4 "Insurance Contracts" (effective from 1 January 2010)
- IC Interpretation 11 "FRS 2 Group and Treasury Share Transactions" (effective from 1 January 2010)
- IC Interpretation 12 "Service Concession Arrangements" (effective from 1 July 2010)
- IC Interpretation 14 "FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective from 1 January 2010)
- IC Interpretation 15 "Agreements for the Construction of Real Estate" (effective from 1 July 2010)
- IC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation" (effective from 1 July 2010)
- IC Interpretation 17 "Distributions of Non-Cash Assets to Owners" (effective from 1 July 2010)

##### (iii) Amendments to FRSs contained in a document entitled "Improvements to FRSs (2009)" that are not yet effective

The Group does not anticipate significant impact to the financial statements and position arising from the application of these improvements.

#### 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.

##### (a) Basis of consolidation

###### (i) Subsidiaries

Subsidiaries are those corporations or entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the results of subsidiaries acquired or disposed during the financial year are included in the consolidated income statement from the date of acquisition or the date on which control is transferred to the Group, up to the date of their disposal or the date on which control ceases.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Basis of consolidation (continued)**

**(i) Subsidiaries (continued)**

At the date of acquisition, the fair values of the subsidiaries' identifiable assets, liabilities and contingent liabilities are determined and these values are reflected in the consolidated financial statements. At the same time, the cost of an acquisition is measured as fair value of the assets given and liabilities incurred or assumed, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill on consolidation. Goodwill is included in the consolidated balance sheet as an intangible asset. See accounting policy Note 3(s) on intangible assets.

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interests in the results of the Group is presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity holder of the Company.

Where losses applicable to the minority exceed the minority's interests in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

All intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transactions provide evidences of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Gain or loss on disposal of a subsidiary is determined by comparing the net disposal proceeds and the Group's share of its net assets at the date of disposal. The difference is included in the consolidated income statement.

**(ii) Transactions with minority interests**

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. For purchases of additional interests from minority interests, the excess of the cost of acquisition over the relevant share of the carrying value of net assets of the subsidiary acquired is reflected as goodwill. Negative goodwill is recognised immediately in the income statement. For disposal to minority interests, differences between any proceeds received and the relevant share of minority interests and goodwill are included in the income statement.

**(iii) Jointly controlled entity**

Jointly controlled entity is an entity over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entity require unanimous consent of the parties sharing control.

The Group's interest in jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting. Equity accounting involves recognising the Group's share of the post-acquisition results of the jointly controlled entity in the consolidated income statement and its share of post-acquisition movements within reserves in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment loss). Equity accounting is discontinued when the Group ceases to have joint control over the jointly controlled entity.

Where necessary, adjustments have been made to the financial statements of jointly controlled entity to ensure consistency of accounting policies with those of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2009 (CONTINUED)

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

##### (b) 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 these telecommunications 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 income statement during the year in which they are incurred.

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

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

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	4 – 10 years
Submarine cables (included within telecommunications equipment)	10 – 25 years
Site rectification and decommissioning works (included within telecommunications equipment)	15 years
Motor vehicles	5 years
Office furniture, fittings and equipment	3 – 7 years

Capital work-in-progress 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 balance sheet date.

At each balance sheet date, the Group assesses whether there is any 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(u) on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the income statement.

##### (c) Prepaid lease payments

Leasehold land is treated as an operating lease as the title is not expected to pass to the Group by the end of the lease term. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments that are 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

Long term leasehold land is land with a remaining lease period exceeding fifty years.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Income taxes**

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 or jointly controlled entity 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 or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries and jointly controlled entity except where the timing of the reversal of the temporary difference can be controlled 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 balance sheet 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 balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

**(e) 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 balance sheet 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 income statement.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Foreign currencies (continued)**

**(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 balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement 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 income statement 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 currency	2009 RM	2008 RM
1 Euro ("EURO")	<b>4.94</b>	4.89
1 Pound Sterling ("GBP")	<b>5.55</b>	5.04
1 Special Drawing Rights ("SDR") *	<b>5.48</b>	5.34
1 United States Dollar ("USD")	<b>3.43</b>	3.47
100 Indian Rupee ("INR")	<b>7.37</b>	7.10
100 Indonesian Rupiah ("IDR")	<b>0.03</b>	0.03

\* Represents the closing international accounting settlement rate with international carriers.

**(f) Investments in subsidiaries and jointly controlled entity**

Investments in subsidiaries and jointly controlled entity are stated at cost. 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(u) on impairment of assets.

**(g) Inventories**

Inventories, which comprise telecommunications components and incidentals, are stated at the lower of cost and net realisable value. Cost includes the actual cost of materials and incidentals in bringing the inventories to 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.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(h) Finance leases and hire purchase agreements**

Leases and hire purchases of property, plant and equipment 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 income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases or hire purchase agreements are depreciated over the shorter of the estimated useful life of the asset and the lease term.

**(i) 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 income statement on a straight line basis over the lease period.

**(j) Cash and cash equivalents**

Cash and cash equivalents comprise cash on 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 balance sheet. For the purposes of the cash flow statements, cash and cash equivalents are presented net of pledged deposits.

**(k) 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 activities. Revenue is shown net of service tax, returns, rebates, discounts and after eliminating sales within the Group.

The Group recognises 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 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 bases its 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 of 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.

Revenue of 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. Revenue from sales of prepaid top-up-tickets is recognised when services are rendered. The credits on prepaid top-up tickets can be deferred up to the point of customer churn, 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 revenue.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2009 (CONTINUED)

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

#### (k) Revenue recognition (continued)

##### (i) Telecommunications revenue (continued)

Revenue for 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 handset 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 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 rate over the period to maturity, when it is determined that such income will accrue to the Group.

#### (l) Receivables

Receivables are carried at invoice amount and/or income earned less an allowance for doubtful debts. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off once it has been determined that the receivables cannot be recovered.

#### (m) 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.

##### (ii) Network construction costs and settlements

Provisions for network construction costs and settlements are made in respect of network construction projects which are under notices of termination, legal claims, negotiations for settlements and costs in respect of obligations under network construction contracts.

##### (iii) Staff incentive scheme

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

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(n) 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) Financial instruments recognised on the balance sheet**

The particular recognition method adopted for financial instruments recognised on the balance sheet are disclosed in the individual accounting policy statements associated with each item.

**(ii) Fair value estimation for disclosure purposes**

In assessing the fair value of financial instruments, the Group makes certain assumptions and applies 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 market interest rate available to the Group.

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

**(o) Payables**

Payables, including accruals, represent liabilities for goods received and services rendered to the Group prior to the end of the financial year and which remain unpaid.

**(p) Borrowings**

Borrowings are initially recognised based on proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**(q) 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 holder 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 declared.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2009 (CONTINUED)

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

##### (r) Employee benefits

###### (i) Short term employee benefits

Wages, salaries, paid annual leaves, 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. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

###### (ii) Post-employment benefits

###### Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays 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 employees benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

###### (iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises 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 encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

##### (s) Intangible assets

###### (i) Acquired telecommunication licenses with allocated spectrum rights

The Group acquires other 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.

Intangible assets that are considered to have a finite life are amortised on a straight line basis over the period of expected benefit. Intangible assets that are considered to have an infinite economic useful life are not amortised but tested for impairment in accordance with note 3(u) on an annual basis, or where an indication of impairment exists. The acquired intangible assets include telecommunication licenses with allocated spectrum rights which have infinite economic useful life.

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

###### (ii) Goodwill

Goodwill arises on the acquisitions of subsidiaries and it represents the excess of the cost of the acquisition over the Group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition.

Goodwill is measured at cost less any accumulated impairment losses. Negative goodwill is recognised immediately in the income statement.

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

Goodwill is allocated to cash-generating units 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(u) on impairment of assets. Each cash-generating unit or a group of cash-generating units represents the lowest level within the Group at which goodwill is monitored for internal management purposes and which are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(s) Intangible assets (continued)**

**(iii) Handset subsidies**

Expenditures incurred in providing the customer a free or subsidised handset, provided the customer signs a non-cancellable contract for a predetermined contractual period, are capitalised as intangible assets and amortised over the contractual period on a straight line method. Handset subsidies are assessed at each reporting date whether there is any indication that the handset subsidies may be impaired. See accounting policy Note 3(u) on impairment of assets.

**(t) 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 income statement 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 as deferred income and are credited to the income statement on the straight line basis over the expected useful lives of the related assets.

**(u) Impairment of 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 (cash-generating units). 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 income statement. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statement 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.

**(v) 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 minority 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 FRS 137 and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with FRS 118.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2009 (CONTINUED)

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

##### (w) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment provides services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities 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 revenue, expense, assets and liabilities are determined before intragroup balances and intragroup 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.

#### 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 makes 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 to the Group'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) Allowance for doubtful debts

The Group assesses at each balance sheet date whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such allowance is adjusted periodically to reflect the actual and anticipated impairment.

##### (b) Provisions

The Group recognises provisions 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 provisions requires the application of judgments about the ultimate resolution of these obligations. As a result, provisions are reviewed at each balance sheet date and adjusted to reflect the Group's current best estimate.

##### (c) Estimated useful lives of property, plant and equipment

The Group reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. 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. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the carrying value of property, plant and equipment. See Note 15 to the financial statements for the impact on the changes in the estimated useful lives of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

##### Critical accounting estimates and assumptions (continued)

##### (d) Taxation

###### (i) *Deferred tax assets*

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

###### (ii) *Income taxes*

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### (e) Intangible assets

The telecommunications licenses with allocated spectrum rights are not subject to amortisation and are tested annually for impairment as the Directors are of the opinion that the licenses can be renewed in perpetuity at negligible cost and the associated spectrum rights, similar to land, have an infinite 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 regulatory environment.

#### 5 SEGMENT REPORTING

The Group operates in three key segments, comprising the provision of mobile services which is a major contributor to the Group's operations, fixed line services and international gateway services. The Group also provides other services which are currently not significant enough to be reported separately.

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 that 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.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance lease liabilities, amount due from/(to) immediate holding company, loan from immediate holding company, dividend payable, current taxes and deferred taxes.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, intangible assets and prepaid lease payments (including acquisition of subsidiaries).

Significant non-cash items comprise mainly allowance and reversal of doubtful debts, inventories obsolescence and wayleave deposit, bad debts written off, property, plant and equipment written off, share-based payment in relation to the Listing, provision/write-back for liabilities and charges, gain on disposal of a subsidiary and unrealised gain/loss on foreign exchange as disclosed in Note 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**5 SEGMENT REPORTING (CONTINUED)**

**(a) Business segments**

	Mobile services RM'000	Fixed line services RM'000	International gateway services RM'000	Other operations RM'000	Elimination RM'000	Group RM'000
<b>Financial year ended 31 December 2009</b>						
<b>SEGMENT REVENUE</b>						
External revenue	7,475,601	43,961	91,551	0	0	7,611,113
Inter-segment revenue	21,743	9,180	71,895	72,719	(175,537)	0
Segment revenue	<b>7,497,344</b>	<b>53,141</b>	<b>163,446</b>	<b>72,719</b>	<b>(175,537)</b>	<b>7,611,113</b>
<b>SEGMENT RESULTS</b>						
Segment operating profit/(loss)	<b>2,315,833</b>	<b>16,726</b>	<b>16,633</b>	<b>(82,747)</b>	<b>0</b>	<b>2,266,445</b>
Profit from operations						2,266,445
Finance income						21,051
Finance costs						(73,340)
Share of results of a jointly controlled entity	(275,159)	0	0	0	0	(275,159)
Profit before tax						1,938,997
Tax expenses						(361,211)
Profit for the financial year						<b>1,577,786</b>
<b>OTHER INFORMATION</b>						
Segment assets	16,741,075	449,924	128,550	386,262	0	17,705,811
Unallocated assets						92,296
Consolidated total assets						<b>17,798,107</b>
Segment liabilities	2,331,500	205,447	62,592	125,694	0	2,725,233
Unallocated liabilities						6,127,767
Consolidated total liabilities						<b>8,853,000</b>
Capital expenditure	15,304,792 *	327,002	87,129	9,662	0	15,728,585
Depreciation and amortisation	347,395	(904)	4,864	5,981	0	357,336
Significant non-cash items	175,179	(3,856)	(667)	(821,828)	0	(651,172)

\* Includes fair value of intangible assets acquired of RM10,926,468,000.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**5 SEGMENT REPORTING (CONTINUED)**

**(a) Business segments (continued)**

	Mobile services RM'000	Fixed line services RM'000	International gateway services RM'000	Other operations RM'000	Elimination RM'000	Group RM'000
<b>Financial year ended 31 December 2008</b>						
<b>SEGMENT REVENUE</b>						
External revenue	7,184,440	0	0	0	0	7,184,440
<b>SEGMENT RESULTS</b>						
Segment operating profit/(loss)	320,325	0	0	(474)	0	319,851
Profit from operations						319,851
Finance income						34,792
Finance costs						(62,491)
Share of results of a jointly controlled entity	(287,557)	0	0	0	0	(287,557)
Profit before tax						4,595
Tax expenses						(105,955)
Loss for the financial year						(101,360)
<b>OTHER INFORMATION</b>						
Segment assets	1,898,880	0	0	9,296	0	1,908,176
Investment in a jointly controlled entity	1,095,790	0	0	0	0	1,095,790
Unallocated assets						136,030
Consolidated total assets						3,139,996
Segment liabilities	1,030,256	0	0	585,506	0	1,615,762
Consolidated total liabilities						1,615,762
Capital expenditure	98,239	0	0	0	0	98,239
Depreciation and amortisation	80,033	0	0	0	0	80,033
Significant non-cash items	69,527	0	0	0	0	69,527

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**5 SEGMENT REPORTING (CONTINUED)**

**(b) Geographical segments**

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. Total assets and capital expenditure are determined based on where the assets are located.

	Revenue RM'000	Capital expenditure RM'000	Total assets RM'000
<b>2009</b>			
Malaysia	7,293,224	15,728,585 <sup>#</sup>	17,705,811
Other countries*	317,889	0	0
	<b>7,611,113</b>	<b>15,728,585</b>	<b>17,705,811</b>
Unallocated assets			92,296
			<b>17,798,107</b>
<b>2008</b>			
Malaysia	6,931,868	98,239	1,908,176
Other countries*	252,572	0	0
	<b>7,184,440</b>	<b>98,239</b>	<b>1,908,176</b>
Investment in a jointly controlled entity			1,095,790
Unallocated assets			136,030
			<b>3,139,996</b>

<sup>#</sup> Includes fair value of intangible assets acquired of RM10,926,468,000.

\* Represents revenue from roaming partners and hubbing revenue.

**6 REVENUE**

	Group		Company
	2009 RM'000	2008 RM'000	7.8.2009 to 31.12.2009 RM'000
Mobile services	7,475,601	7,184,440	0
Fixed line services	43,961	0	0
International gateway services	91,551	0	0
Dividend income from subsidiaries	0	0	690,000
	<b>7,611,113</b>	<b>7,184,440</b>	<b>690,000</b>

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**7 PROFIT FROM OPERATIONS**

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

		Group		Company
	Note	2009 RM'000	2008 RM'000	7.8.2009 to 31.12.2009 RM'000
Allowance for:				
- doubtful debts		124,578	34,187	0
- inventories obsolescence		2,742	73	0
Amortisation of intangible assets	16	46,939	33,818	0
Amortisation of prepaid lease payments	17	30	14	0
Auditors' remuneration:				
- fees for statutory audits		523	262	20
- fees for audit related services <sup>(1)</sup>		5,699	180	5,293
- fees for other services <sup>(2)</sup>		705	9	325
Bad debts written off		75,994	53,319	0
Depreciation of property, plant and equipment	15	310,367	46,201	0
Gain on disposal of a subsidiary	33(b)	(875,778)	0	0
Loss on disposal of property, plant and equipment		41	265	0
(Gain)/loss on foreign exchange				
- realised		5,510	53	0
- unrealised		(2,271)	445	0
Government grant		(881)	0	0
Interconnect expense		267,751	0	0
The Listing and related expenses <sup>(3)</sup>		49,816	0	29,816
(Gain)/loss on disposal of prepaid lease payments		(49)	93	0
Property, plant and equipment written off		7,427	598	0
Provision for:				
- staff incentive scheme	29	13,194	17,018	0
- site rectification and decommissioning works	29	3,749	0	0
Rental of land and buildings		18,133	6,278	0
Rental of equipment		14,350	11,655	0
Rental of network cell sites		55,639	0	0
Reversal of allowance for:				
- doubtful debts		(37,824)	(36,113)	0
- inventories obsolescence		(994)	0	0
- wayleave deposit		(2,694)	0	0
Network facilities expenses charged by a fellow subsidiary <sup>(4)</sup>		3,182,621	4,878,356	0
Management fees by a fellow subsidiary		110,483	121,442	2,696
Sales and marketing expenses		352,263	400,924	0
Share-based payment in relation to the Listing		53,074	0	53,074
Staff cost	10	189,551	146,782	0
Universal Service Provision Contributions		192,421	130,673	0
Write-back of provision for:				
- staff incentive scheme	29	(4,562)	0	0
- site rectification and decommissioning works	29	(7,807)	0	0

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2009 (CONTINUED)

#### 7 PROFIT FROM OPERATIONS (CONTINUED)

- (1) Fees incurred in connection with performance of quarterly reviews, reporting accountant in relation to the Listing of the Company and regulatory compliance audits paid or payable to PricewaterhouseCoopers ("PwC") Malaysia, auditors of the Group and of the Company.
- (2) 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.
- (3) The amounts include fees for audit related services of RM5,100,000. This amount has also been included in the auditors' remuneration as disclosed above.
- (4) Network facilities expenses comprised payments to a fellow subsidiary which was acquired by the Group on 1 October 2009.

The Audit Committee in ensuring the independence of the Group's external auditors are 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.

#### 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 (Appointed with effect from 16 October 2009)  
 Robert William Boyle (Appointed with effect from 17 September 2009)  
 Dato' Mokhzani bin Mahathir (Appointed with effect from 16 October 2009)  
 Asgari bin Mohd Fuad Stephens (Appointed with effect from 16 October 2009)  
 Eng Saud Majed A AlDaweesh (Appointed with effect from 19 October 2009)  
 Dr Fahad Hussain S. Mushayt (Appointed with effect from 25 September 2009)  
 Ghassan Hasbani (Appointed with effect from 25 September 2009)  
 Augustus Ralph Marshall (First Director)  
 Chan Chee Beng (First Director)

##### Executive Director

Sandip Das (Appointed with effect from 17 September 2009)

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

	Group		Company
	2009 RM'000	2008 RM'000	7.8.2009 to 31.12.2009 RM'000
<b>Non-executive directors</b>			
Salaries and other short-term employee benefits	51	0	0
Fees	720	2,463	720
ESOS – Equivalent Cash Consideration <sup>(1)</sup>	0	1,309	0
Share-based payments in relation to the Listing <sup>(2)</sup>	962	0	962
Estimated monetary value of benefits-in-kind	0	7	0
	<b>1,733</b>	<b>3,779</b>	<b>1,682</b>

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**8 DIRECTORS' REMUNERATION (CONTINUED)**

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

	Group		Company
	2009 RM'000	2008 RM'000	7.8.2009 to 31.12.2009 RM'000
<b>Executive director</b>			
Salaries and other short-term employee benefits	2,604	1,310	602
ESOS – Equivalent Cash Consideration <sup>(1)</sup>	2,749	1,755	0
Share-based payments in relation to the Listing <sup>(2)</sup>	188	0	188
Estimated monetary value of benefits-in-kind	369	0	112
	<b>5,910</b>	3,065	<b>902</b>
Total directors' remuneration	<b>7,643</b>	6,844	<b>2,584</b>

<sup>(1)</sup> In prior years, the immediate holding company operated an equity-settled, share-based compensation plan for eligible employees and full-time Executive Directors pursuant to its Employee Share Option Scheme.

<sup>(2)</sup> Share-based payments are in relation to the preferential shares allocation pursuant to the Listing.

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

Range of remuneration*	Executive	Non-Executive
RM50,001 – RM100,000	0	3
RM100,001 – RM150,000	0	1
RM200,001 – RM250,000	0	1
RM250,001 – RM300,000	0	3
RM300,001 – RM350,000	0	1
RM5,900,001 – RM5,950,000	1	0

\* Remuneration paid to the Directors of the Company include fees, salaries, other emoluments including bonus, employer's contribution to retirement benefits and other benefits, share-based payments and estimated monetary value of benefits-in-kind.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2009 (CONTINUED)

#### 9 KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel comprises persons other than the 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 of the Group and of the Company during the financial year is as follows:

	Group		Company
	2009 RM'000	2008 RM'000	7.8.2009 to 31.12.2009 RM'000
Salaries and other short-term employee benefits	6,730	6,556	211
Defined contribution plan	394	257	10
ESOS – Equivalent Cash Consideration <sup>(1)</sup>	1,515	3,231	4
Share-based payments in relation to the Listing <sup>(2)</sup>	375	0	375
Estimated monetary value of benefits-in-kind	588	488	14
	<b>9,602</b>	<b>10,532</b>	<b>614</b>

<sup>(1)</sup> In prior years, the immediate holding company operated an equity-settled, share-based compensation plan for eligible employees and full-time Executive Directors pursuant to its Employee Share Option Scheme.

<sup>(2)</sup> Share-based payments are in relation to the preferential shares allocation pursuant to the Listing.

#### 10 STAFF COST

	Group		Company
	2009 RM'000	2008 RM'000	7.8.2009 to 31.12.2009 RM'000
Wages, salaries and bonuses	156,771	122,654	0
Defined contribution plan	15,954	11,985	0
Other employee benefits	16,826	12,143	0
	<b>189,551</b>	<b>146,782</b>	<b>0</b>

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

11 FINANCE INCOME AND COSTS

		Group		Company
	Note	2009 RM'000	2008 RM'000	7.8.2009 to 31.12.2009 RM'000
<b>(a) Finance income</b>				
Interest income on:				
- others		21,070	34,773	30
(Loss)/gain on foreign exchange:				
- amount due from a fellow subsidiary		(19)	19	0
		<b>21,051</b>	<b>34,792</b>	<b>30</b>
<b>(b) Finance costs</b>				
Interest expense on:				
- finance leases		139	0	0
- loan from a related party		399	0	0
- loan from a fellow subsidiary		24,250	33,431	0
- loan from immediate holding company		45,427	0	34,651
- others		136	0	0
Accretion of site rectification and decommissioning works costs	29	2,989	0	0
Loss on foreign exchange:				
- loan from immediate holding company		0	22,995	0
- loan from a fellow subsidiary		0	6,065	0
		<b>73,340</b>	<b>62,491</b>	<b>34,651</b>

12 TAX EXPENSES

		Group		Company
	Note	2009 RM'000	2008 RM'000	7.8.2009 to 31.12.2009 RM'000
Current tax				
- Malaysian – current year		277,055	63,000	0
- under accrual in prior years		4,131	5,421	0
		<b>281,186</b>	<b>68,421</b>	<b>0</b>
Deferred tax				
- Origination and reversal of temporary differences		80,025	36,154	0
- Changes in tax rates		0	1,380	0
	22	<b>80,025</b>	<b>37,534</b>	<b>0</b>
Tax Expenses		<b>361,211</b>	<b>105,955</b>	<b>0</b>

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**12 TAX EXPENSES (CONTINUED)**

Pursuant to the gazetted Finance Act 2007, the Malaysian income tax is reduced to 25% in 2009. Consequently, Malaysian income tax is calculated at the statutory tax rate of 25% (2008: 26%) on the estimated chargeable profit for the financial year. Taxes in foreign jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

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

	Group		Company
	2009 %	2008 %	7.8.2009 to 31.12.2009 %
Numerical reconciliation between the Malaysian tax rate and average effective tax rate			
Malaysian tax rate	25	26	25
Tax effects of:			
- expenses not deductible for tax purposes	2	505	5
- share of results of jointly controlled entity	3	1,627	0
- income not subject to tax	(11)	0	(30)
- deferred tax relating to changes in tax rates	0	30	0
- under accrual in prior years	0	118	0
Average effective tax rate	19	2,306	0

In the prior year, the Group's share of net deferred tax asset not recognised relating to the investment in a jointly controlled entity amounted to RM103,176,000.

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 the credit is fully utilised or upon expiry of the 6-year transitional period on 31 December 2013, whichever is earlier, unless the company opt to disregard the Section 108 credits to pay single tier dividends under the special transitional provisions of the Finance Act 2007.

Subject to agreement by the tax authorities, a subsidiary of the Group has sufficient Section 108 tax credits to frank approximately RM7,239,000 (2008: RM5,692,000) of its retained earnings if paid out as dividends.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

### 13 BASIC EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share of the Group is calculated by dividing the profit/(loss) 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	
	2009	2008
Profit/(loss) attributable to the equity holders (RM'000)	1,577,786	(101,360)
Weighted average number of issued ordinary shares ('000)	5,789,574 <sup>(1)</sup>	5,213,167 <sup>(2)</sup>
Basic earnings/(loss) per share (sen)	27.25	(1.94)

<sup>(1)</sup> Based on the weighted average of 5,213,167,000 shares issued by the Company to the owners of legal subsidiary for the reverse acquisition for 9 months ended 30 September 2009 and 7,500,000,000 shares in issue on 1 October 2009 pursuant to the Pre-Listing Restructuring.

<sup>(2)</sup> Based on the shares issued by the Company to the owners of MMSSB for the reverse acquisition.

### 14 DIVIDENDS

	Group 2009		Company 2009	
	Gross dividend per share Sen	Amount of dividends, single tier tax exempt RM'000	Gross dividend per share Sen	Amount of dividends, single tier tax exempt RM'000
Dividends paid in respect of the financial year ended 31 December 2009:				
Company:				
- Interim ordinary	6.00	450,000	6.00	450,000
MMSSB:				
- First interim ordinary	37.10	480,000	0	0
- Second interim ordinary	29.52	382,000	0	0
- Third interim ordinary	7.43	96,162	0	0
	74.05	958,162	0	0
Dividend per share recognised as distribution to ordinary equity holders of:				
- the Company	6.00	450,000	6.00	450,000
- MMSSB	74.05	958,162 <sup>(1)</sup>	0	0

<sup>(1)</sup> Dividends of RM958,162,000 were paid to MCB as part of the Pre-Listing Restructuring of the Company prior to listing of the Company on the Main Market of Bursa Malaysia Securities Berhad.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**14 DIVIDENDS (CONTINUED)**

Subsequent to the financial year, on 25 February 2010, the Directors declared a second interim single tier tax exempt dividend of 6.00 sen per ordinary share in respect of the financial year ended 31 December 2009, amounting to RM450,000,000 which was paid on 30 March 2010.

The Directors recommend the payment of a final single tier tax exempt dividend of 3.00 sen per ordinary share, amounting to RM225,000,000 in respect of the financial year ended 31 December 2009, which subject to the shareholder's approval at the forthcoming Annual General Meeting will be paid on a date to be determined.

**15 PROPERTY, PLANT AND EQUIPMENT**

	As at 1.1.2009 RM'000	Acquisition of subsidiaries (Note 33(a)) RM'000	Additions RM'000	Reclassi- fications RM'000	Disposals RM'000	Assets written off RM'000	Currency translation difference RM'000	As at 31.12.2009 RM'000
<b>2009</b>								
<b>Group</b>								
<b>At cost</b>								
Freehold land	3,400	17,427	0	0	(2,567)	0	0	18,260
Buildings	4,020	75,941	0	0	(3,205)	0	0	76,756
Telecommunications equipment	199,558	3,659,605	8,288	318,403	0	(19,821)	(1)	4,166,032
Motor vehicles	0	4,325	0	0	0	0	0	4,325
Office furniture, fittings and equipment	158,560	47,148	56,276	6,766	0	(3,635)	0	265,115
	<b>365,538</b>	<b>3,804,446</b>	<b>64,564</b>	<b>325,169</b>	<b>(5,772)</b>	<b>(23,456)</b>	<b>(1)</b>	<b>4,530,488</b>
Capital work-in-progress	8,176	284,295	537,365	(325,169)	0	(683)	0	503,984
	<b>373,714</b>	<b>4,088,741</b>	<b>601,929</b>	<b>0</b>	<b>(5,772)</b>	<b>(24,139)</b>	<b>(1)</b>	<b>5,034,472</b>

	As at 1.1.2009 RM'000	Acquisition of subsidiaries (Note 33(a)) RM'000	Additions RM'000	Reclassi- fications RM'000	Released on disposals RM'000	Assets written off RM'000	Currency translation difference RM'000	As at 31.12.2009 RM'000
<b>2009</b>								
<b>Group</b>								
<b>Accumulated depreciation</b>								
Buildings	2,029	0	578	0	(1,631)	0	0	976
Telecommunications equipment	82,116	0	278,890	0	0	(13,246)	0	347,760
Motor vehicles	0	0	767	0	0	0	0	767
Office furniture, fittings and equipment	103,099	0	30,132	0	0	(3,466)	0	129,765
	<b>187,244</b>	<b>0</b>	<b>310,367</b>	<b>0</b>	<b>(1,631)</b>	<b>(16,712)</b>	<b>0</b>	<b>479,268</b>

Included in additions is RM29,680,000 adjustment for changes in costs estimate on provision for site decommissioning works (Note 29 to the financial statements).

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	As at 1.1.2008 RM'000	Additions RM'000	Reclassi- fications RM'000	Disposals RM'000	Assets written off RM'000	As at 31.12.2008 RM'000
<b>2008</b>						
<b>Group</b>						
<b>At cost</b>						
Freehold land	3,400	0	0	0	0	3,400
Buildings	5,428	0	0	(1,408)	0	4,020
Telecommunications equipment	136,386	235	63,701	(728)	(36)	199,558
Office furniture, fittings and equipment	149,978	48	13,133	0	(4,599)	158,560
	295,192	283	76,834	(2,136)	(4,635)	365,538
Capital work-in-progress	18,877	66,133	(76,834)	0	0	8,176
	314,069	66,416	0	(2,136)	(4,635)	373,714

	As at 1.1.2008 RM'000	Charge for the financial year RM'000	Reclassi- fications RM'000	Released on disposals RM'000	Assets written off RM'000	As at 31.12.2008 RM'000
<b>2008</b>						
<b>Group</b>						
<b>Accumulated depreciation</b>						
Buildings	2,191	168	0	(330)	0	2,029
Telecommunications equipment	58,543	23,609	0	0	(36)	82,116
Office furniture, fittings and equipment	84,676	22,424	0	0	(4,001)	103,099
	145,410	46,201	0	(330)	(4,037)	187,244

	<b>Group</b>	
	2009 RM'000	2008 RM'000
<b>Net book value</b>		
Freehold land	18,260	3,400
Buildings	75,780	1,991
Telecommunications equipment	3,818,272	117,442
Motor vehicles	3,558	0
Office furniture, fittings and equipment	135,350	55,461
Capital work-in-progress	503,984	8,176
	4,555,204	186,470

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

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

The title deed pertaining to a freehold land of a subsidiary is in the process of being transferred to the name of the subsidiary.

The Group revised the useful lives of certain telecommunications equipment and office equipment ranging from 5 to 10 years to a remaining useful lives ranging from 8 months to 7 years as part of the network modernisation programme to support the business. During the year, 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 RM14,276,000 (2008: RMNil).

Additions in office equipment during the year include purchases by means of finance leases amounting to RM39,180,000 (2008: RMNil).

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

		<b>Group</b>
		<b>2009</b>
		<b>RM'000</b>
Office equipment		56,553
Motor vehicles		2,155
		<b>58,708</b>

**16 INTANGIBLE ASSETS**

2009	Group	Note	Goodwill RM'000	Telecommu- nications licenses with allocated spectrum rights	Handset subsides RM'000	Total RM'000
				RM'000		
As at 1 January 2009			0	0	34,490	34,490
Acquisition of subsidiaries		33(a)	219,087	10,707,381	0	10,926,468
Additions during the financial year			0	0	104,846	104,846
Amortisation charge for the financial year			0	0	(46,939)	(46,939)
As at 31 December 2009			<b>219,087</b>	<b>10,707,381</b>	<b>92,397</b>	<b>11,018,865</b>
Cost			219,087	10,707,381	185,522	11,111,990
Accumulated amortisation			0	0	(93,125)	(93,125)
As at 31 December 2009			<b>219,087</b>	<b>10,707,381</b>	<b>92,397</b>	<b>11,018,865</b>

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**16 INTANGIBLE ASSETS (CONTINUED)**

2008	Handset subsidiaries RM'000
Group	
As at 1 January 2008	36,485
Additions during the financial year	31,823
Amortisation charge for the financial year	(33,818)
As at 31 December 2008	34,490
Cost	80,676
Accumulated amortisation	(46,186)
As at 31 December 2008	34,490

**17 PREPAID LEASE PAYMENTS**

Group	Note	2009		2008	
		Long term RM'000	Short term RM'000	Long term RM'000	Short term RM'000
<b>At cost</b>					
As at 1 January		350	0	350	505
Acquisition of subsidiaries	33(a)	3,111	3,490	0	0
Disposals		(350)	0	0	(505)
As at 31 December		3,111	3,490	350	0
<b>Accumulated amortisation</b>					
As at 1 January		86	0	79	118
Charge for the financial year	7	10	20	7	7
Released on disposals		(86)	0	0	(125)
As at 31 December		10	20	86	0
<b>Net book value</b>					
As at 31 December				2009 RM'000	2008 RM'000
				6,571	264

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**18 INTEREST IN SUBSIDIARIES**

	Note	Company 2009 RM'000
Non-current assets:		
- Investments in subsidiaries, at cost	19	35,012,760
Current assets:		
- Amounts due from a subsidiary		941
Current liabilities:		
- Amounts due to a subsidiary		(1,242)
		<b>35,012,459</b>

**19 INVESTMENTS IN SUBSIDIARIES**

	Note	Company 2009 RM'000
<b>Unquoted shares at cost</b>		
As at 1 January		0
Acquisition of subsidiaries	33(a)	34,998,250
Expenses directly attributable to acquisition of subsidiaries		14,510
As at 31 December		<b>35,012,760</b>

The information on the subsidiaries is as follows:

Name	Principal activities	Group's effective equity interest 2009	Paid-up capital 2009
<b>Incorporated in Malaysia</b>			
Advanced Wireless Technologies Sdn. Bhd. (517551-U)	Provider of wireless multimedia related services	75%	RM3,333,336
Maxis Broadband Sdn. Bhd. (234053-D)	Operator of a national public switched network and provider of internet and internet application services and include owning, maintaining, building and operating radio facilities and associated switches	100%	RM1,000,002
Maxis Collections Sdn. Bhd. (383275-M)	Collector of telecommunications revenue for fellow subsidiaries	100%	RM2

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name	Principal activities	Group's effective equity interest 2009	Paid-up capital 2009
<b>Incorporated in Malaysia (continued)</b>			
Maxis International Sdn. Bhd. (240071-T)	Operator of an international gateway	100%	RM2,500,002
Maxis Mobile Sdn. Bhd. (229892-M)	Operator of mobile telecommunications and provider of corporate support and service functions for the Group as well as carrying out special niche project(s) such as Universal Service Provision	100%	RM2,500,002
Maxis Mobile Services Sdn. Bhd. (73315-V)	Provider of mobile telecommunications products and services	100%	RM1,293,884,000
Maxis Multimedia Sdn. Bhd. (530188-A)	Provider of multimedia related services (dormant)	100%	RM2
<u>Subsidiary of Advanced Wireless Technologies Sdn. Bhd.</u>			
UMTS (Malaysia) Sdn. Bhd. (520422-D)	3G spectrum assignment holder	75%	RM2,500,002
<u>Subsidiary of Maxis Broadband Sdn. Bhd.</u>			
Maxis Online Sdn. Bhd. (235849-A)	Holder of investments (dormant)	100%	RM2
<u>Subsidiary of Maxis Mobile Sdn. Bhd.</u>			
Maxis Mobile (L) Ltd (LL-01709) <sup>(i)</sup>	Holder of investments	100%	USD10,000
<b>Incorporated in the Republic of Singapore</b>			
<u>Subsidiary of Maxis International Sdn. Bhd.</u>			
Maxis Asia Access Network Pte Ltd <sup># (ii)</sup>	Provider of international telecommunications services	100%	SGD2

Notes:

# Not audited by PricewaterhouseCoopers

<sup>(i)</sup> Maxis Mobile (L) Ltd is a company registered under the Offshore Companies Act, 1990, with shares issued in USD.

<sup>(ii)</sup> Maxis Asia Access Network Pte Ltd is a company established under the Companies Act, Cap. 50 of the Republic of Singapore, with shares issued in Singapore Dollar ("SGD").

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**20 INTEREST IN A JOINTLY CONTROLLED ENTITY**

**(a) Interest in a jointly controlled entity**

	Group	
	2009 RM'000	2008 RM'000
Share of net assets of a jointly controlled entity	0	564,648
Goodwill on acquisition	0	357,642
	0	922,290

The Group's share of income and expenses, assets and liabilities of the jointly controlled entity are as follows:

	Group	
	2009 RM'000	2008 RM'000
Revenue	33,281	14,256
Expenses	(299,581)	(301,813)
Loss before tax	(266,300)	(287,557)
Tax expenses	(8,859)	0
Loss after tax	(275,159)	(287,557)
Non-current assets		758,090
Current assets		194,593
Current liabilities		(338,219)
Non-current liabilities		(49,816)
Net assets		564,648

The information on the jointly controlled entity is as follows:

Name	Principal activities	Group's effective equity interest		Paid-up capital 2008 IDR'000
		2009	2008	
<b>Incorporated in the Republic of Indonesia</b>				
PT Natrindo Telepon Seluler ("NTS") <sup>(i) #</sup>	Provider of telecommunications products and services	—	44%	3,203,590,198

# Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia

<sup>(i)</sup> The company is established under the law of the Republic of Indonesia, with shares issued in IDR. On 30 September 2009, the Group disposed off 44% equity interest in the company (Note 33(b) to the financial statements) as part of the Pre-Listing Restructuring.

Capital commitments and contingent liabilities relating to the jointly controlled entity are shown in Note 34 and Note 37 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**20 INTEREST IN A JOINTLY CONTROLLED ENTITY (CONTINUED)**

**(b) Loan to a jointly controlled entity (non-current)**

Loan to a jointly controlled entity was unsecured and interest free. The loan was repayable in one lump sum at the end of 5 years from the draw down date of 11 September 2007. During the current financial year, as part of the Pre-Listing Restructuring, the loan was novated to MCB and settled by cash.

**(c) Amount due from a jointly controlled entity (current)**

Amount due from a jointly controlled entity was trade in nature, unsecured and interest free.

**21 FELLOW SUBSIDIARIES AND IMMEDIATE HOLDING COMPANY BALANCES**

	Group		Company
	2009 RM'000	2008 RM'000	2009 RM'000
Current assets:			
- Amounts due from fellow subsidiaries	0	28,554	0
- Amount due from immediate holding company	297	728	0
Current liabilities:			
- Amounts due to fellow subsidiaries	(1,243)	(212,166)	0
- Amount due to immediate holding company	(38,352)	0	(34,681)
Non-current liabilities:			
- Loan from a fellow subsidiary	0	(430,002)	0
- Loan from immediate holding company	(4,992,009)	0	(3,807,850)
	<b>(5,031,307)</b>	<b>(612,886)</b>	<b>(3,842,531)</b>

**Interest bearing**

Loans from a fellow subsidiary and immediate holding company are unsecured and carry an effective interest rate of 3.65% (2008: 7.08%) per annum at balance sheet date.

The terms of the loans are as follows:

**Group**

Principal amount 2009 RM'000	Loans outstanding 2009 RM'000	Principal amount 2008 RM'000	Loans outstanding 2008 RM'000	Currency denomination	Repayment terms
4,992,009	4,992,009	0	0	RM	Repayable in one lump sum in 2 years from 1 October 2009.
0	0	430,002	430,002	USD	Repayable in one lump sum on 27 April 2010.
<b>4,992,009</b>	<b>4,992,009</b>	<b>430,002</b>	<b>430,002</b>		

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**21 FELLOW SUBSIDIARIES AND IMMEDIATE HOLDING COMPANY BALANCES (CONTINUED)**

Interest bearing (continued)

Company

Principal amount 2009 RM'000	Loans outstanding 2009 RM'000	Currency denomination	Repayment terms
3,807,850	3,807,850	RM	Repayable in one lump sum in 2 years from 1 October 2009.

Loan from immediate holding company represents the amount owing to MCB pursuant to the Pre-Listing Restructuring which comprises of:

- (a) dividends payable of RM1,184,159,000 as disclosed in Note 2(a) to the financial statements; and
- (b) cash consideration for the business combination of RM3,807,850,000 as disclosed in Note 33(a) to the financial statements.

Subsequent to the year end, the loan from immediate holding company was fully repaid as described in Note 38 to the financial statements.

**22 DEFERRED TAXATION**

Deferred tax assets and liabilities are offset when there is 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 balance sheet:

	Group	
	2009 RM'000	2008 RM'000
Deferred tax assets	85,597	99,128
Deferred tax liabilities	(405,807)	0
	<b>(320,210)</b>	99,128

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 RM'000	Investment allowance RM'000	Others RM'000	Total RM'000
As at 1 January 2009		(27,813)	(5,625)	66,450	65,604	0	512	99,128
Acquisition of subsidiaries (Charged)/credited to income statement	33(a) 12	(535,074) (73,110)	1,171 (17,219)	(232) 2,816	70,683 10,477	124,541 (3,577)	(402) 588	(339,313) (80,025)
As at 31 December 2009		<b>(635,997)</b>	<b>(21,673)</b>	<b>69,034</b>	<b>146,764</b>	<b>120,964</b>	<b>698</b>	<b>(320,210)</b>
As at 1 January 2008 (Charged)/credited to income statement	12	(18,706) (9,107)	0 (5,625)	57,665 8,785	97,312 (31,708)	0	391 121	136,662 (37,534)
As at 31 December 2008		(27,813)	(5,625)	66,450	65,604	0	512	99,128

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**22 DEFERRED TAXATION (CONTINUED)**

	Group	
	2009 RM'000	2008 RM'000
Deferred tax assets (before offsetting)		
- deferred income	69,034	66,450
- intangible assets	1,414	0
- provisions	146,764	65,604
- investment allowances	120,964	0
- others	1,572	512
	<b>339,748</b>	132,566
Offsetting	<b>(254,151)</b>	(33,438)
Deferred tax assets (after offsetting)	<b>85,597</b>	99,128
Deferred tax liabilities (before offsetting)		
- property, plant and equipment	<b>(635,997)</b>	(27,813)
- intangible assets	<b>(23,087)</b>	(5,625)
- others	<b>(874)</b>	0
	<b>(659,958)</b>	(33,438)
Offsetting	<b>254,151</b>	33,438
Deferred tax liabilities (after offsetting)	<b>(405,807)</b>	0

**23 INVENTORIES**

	Group	
	2009 RM'000	2008 RM'000
Telecommunications materials and supplies	51,320	21,003
Telecommunications equipment	82,092	0
	<b>133,412</b>	21,003

The Group reversed RM994,000 (2008: RMNil) in respect of part of an inventory write down that was not required subsequently as the Group was able to utilise those inventories.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**24 RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Group		Company
	2009 RM'000	2008 RM'000	2009 RM'000
Trade receivables			
- Subscribers	<b>516,897</b>	384,851	<b>0</b>
- Interconnect and roaming	<b>145,744</b>	42,551	<b>0</b>
- Distributors	<b>65,789</b>	64,834	<b>0</b>
	<b>728,430</b>	492,236	<b>0</b>
Allowance for doubtful debts			
- Subscribers	<b>(163,818)</b>	(70,892)	<b>0</b>
- Interconnect and roaming	<b>(4,730)</b>	(554)	<b>0</b>
	<b>559,882</b>	420,790	<b>0</b>
Other receivables	<b>11,367</b>	10,769	<b>26</b>
Deposits	<b>76,831</b>	2,182	<b>0</b>
Prepayments	<b>142,164</b>	3,115	<b>314</b>
	<b>790,244</b>	436,856	<b>340</b>

- (a) The Group's credit policy provides trade receivables with 30 days (2008: 30 days) credit period. 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.
- (b) Other receivables, wayleave deposits to local authorities and other deposits of the Group are shown net of allowance for doubtful debts of RM1,731,000 (2008: RM1,829,000), RM10,164,000 (2008: RMNil) and RM391,000 (2008: RMNil) respectively.

**25 RELATED PARTIES BALANCES**

	Note	Group		Company
		2009 RM'000	2008 RM'000	2009 RM'000
Current assets:				
- Amounts due from related parties	(a)	<b>9,447</b>	3,567	<b>0</b>
Current liabilities:				
- Amounts due to related parties	(a)	<b>(18,635)</b>	(25,657)	<b>(2)</b>
- Loan from a related party	(b)	<b>(31,492)</b>	0	<b>0</b>

- (a) The amounts due from/(to) related parties are unsecured, interest free and ranging from 0 to 60 days (2008: 30 days) credit period.
- (b) Loan from a related party is unsecured and is denominated in Ringgit Malaysia. The principal and interest of the loan are repayable at the end of 5 years from the drawdown date of 9 December 2005. The effective interest rate as at the balance sheet date is 6.55% per annum.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

## 26 CASH AND CASH EQUIVALENTS

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

	Group		Company
	2009 RM'000	2008 RM'000	2009 RM'000
Deposits with licensed banks	<b>1,113,708</b>	1,148,724	<b>267,100</b>
Cash and bank balances	<b>78,360</b>	48,243	<b>7</b>
Cash and cash equivalents	<b>1,192,068</b>	1,196,967	<b>267,107</b>

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

The weighted average interest rates of deposits with licensed banks for the Group and for the Company as at the balance sheet date are 2.03% (2008: 3.24%) per annum and 1.98% per annum respectively.

Deposits with licensed banks of the Group and of the Company at the end of the financial year have an average maturity of 12 days (2008: 30 days) and 13 days respectively. Cash and bank balances are deposits held at call with banks.

## 27 SHARE CAPITAL

	Group and Company		Group	
	Number of shares '000	2009 RM'000	Number of shares '000	2008 RM'000
<b>Authorised:</b>				
<b>Ordinary shares of RM1.00 each</b>				
As at 1 January	<b>1,293,884</b>	<b>1,293,884</b>	1,293,884	1,293,884
Reverse acquisition	<b>(1,293,884)</b>	<b>(1,293,884)</b>	0	0
<b>Ordinary shares of RM0.10 each</b>				
Created during the financial year	<b>12,000,000</b>	<b>1,200,000</b>	0	0
As at 31 December	<b>12,000,000</b>	<b>1,200,000</b>	1,293,884	1,293,884

The Company was incorporated on 7 August 2009 with an authorised share capital of 12,000,000,000 shares at RM0.10 each. The issued and paid-up capital was 2 shares at RM0.10 each on the date.

On 1 October 2009, the Company completed the acquisition of the entire issued and paid-up capital of the Subsidiaries for a total consideration of RM34,998,250,000 of which RM31,190,400,000 was satisfied by the issuance of 7,499,999,998 shares at par value RM0.10 each and RM3,807,850,000 constituted amount payable by the Company to MCB.

On 19 November 2009, 2,250,000,000 ordinary shares representing 30% of the issued and fully paid-up capital of the Company were listed and quoted on the Main Market of the Bursa Malaysia Securities Berhad.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**28 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 in the financial year are not recorded as share premium. The difference between the issue price and the nominal value of shares issued is classified as merger relief.

**(b) Reserve arising from reverse acquisition**

The difference between the issued equity of the Company and issued equity of MMSSB together with the deemed purchase consideration of Other Subsidiaries and the cash distribution to MCB, is recorded as reserve arising from reverse acquisition of RM22,728,901,000 as shown in Note 33(a) to the financial statements.

**(c) Other reserves**

	Note	Share-based payments in relation to the Listing RM'000	Capital redemption RM'000	Currency translation differences RM'000	Total RM'000
As at 1 January 2009		0	5,215	(96,765)	(91,550)
Currency translation differences		0	0	69,205	69,205
Share-based payments		53,074	0	0	53,074
Disposal of a subsidiary	33(b)	0	0	27,570	27,570
Acquisition of subsidiaries		0	(5,215)	0	(5,215)
As at 31 December 2009		53,074	0	10	53,084
As at 1 January 2008		0	5,215	(62,650)	(57,435)
Currency translation differences		0	0	(34,115)	(34,115)
As at 31 December 2008		0	5,215	(96,765)	(91,550)

The share-based payments reserve represents discount on shares issued to retail investors in relation to the Listing.

The capital redemption reserve was created for the reduction of shares pursuant to the debt restructuring scheme in MMSSB in prior years. The amount was reversed upon completion of reverse acquisition.

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

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

29 PROVISIONS FOR LIABILITIES AND CHARGES

Group					
	Note	Site rectification and decommissioning works RM'000	Network construction cost and settlements RM'000	Staff incentive scheme RM'000	Total RM'000
As at 1 January 2009		0	0	14,415	14,415
Acquisition of subsidiaries	33(a)	160,815	9,350	17,250	187,415
Capitalised during the financial year		2,432	0	0	2,432
Changes in costs estimate on provision for site decommissioning works		(29,680)	0	0	(29,680)
Charged to the income statement					
- included in profit from operations		3,749	0	13,194	16,943
- included in finance costs	11(b)	2,989	0	0	2,989
Paid during the financial year		(212)	0	(11,118)	(11,330)
Reversed from the income statement		(7,807)	0	(4,562)	(12,369)
<b>As at 31 December 2009</b>		<b>132,286</b>	<b>9,350</b>	<b>29,179</b>	<b>170,815</b>
As at 1 January 2008		0	0	11,700	11,700
Charged to the income statement		0	0	17,018	17,018
Paid during the financial year		0	0	(14,303)	(14,303)
<b>As at 31 December 2008</b>		<b>0</b>	<b>0</b>	<b>14,415</b>	<b>14,415</b>
Represented by:					
Current liabilities		16,666	9,350	29,179	55,195
Non-current liabilities		115,620	0	0	115,620
<b>As at 31 December 2009</b>		<b>132,286</b>	<b>9,350</b>	<b>29,179</b>	<b>170,815</b>
Current liabilities		0	0	14,415	14,415
Non-current liabilities		0	0	0	0
<b>As at 31 December 2008</b>		<b>0</b>	<b>0</b>	<b>14,415</b>	<b>14,415</b>

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

**Site rectification and decommissioning works**

In the current financial year, a provision of RM132,286,000 has been recognised for dismantlement, 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 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. The provisions will be utilised over the remaining lease periods which range from 1 to 15 years.

**Network construction cost and settlements**

In the Directors' opinion, the outcome of the notices of termination, legal claims, negotiations for settlements and costs in respect of obligations under network construction contracts will not give rise to any significant loss beyond the amounts provided at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**30 PAYABLES AND ACCRUALS**

	Group		Company
	2009 RM'000	2008 RM'000	2009 RM'000
<b>Current</b>			
Intercarrier and roaming payables	90,970	13,453	0
Intercarrier and roaming accruals	91,629	27,632	0
Subscribers' deposits	134,492	132,616	0
Trade payables	1,008,519	93,511	0
Trade accruals	268,761	119,430	0
Other payables	103,183	73,374	23
Other accruals	468,520	181,316	26,628
Advance payments from subscribers	31,035	19,952	0
Deferred income	289,829	270,563	0
Payroll liabilities	4,073	1,675	0
Government grant	4,538	0	0
	<b>2,495,549</b>	933,522	<b>26,651</b>
<b>Non-current</b>			
Other accruals	7,499	0	0
	<b>2,503,048</b>	933,522	<b>26,651</b>

Trade payables and other payables of the Group and the Company carry credit period up to 150 days (2008: 45 days).

Other accruals include lease equalisation for office buildings. The lease period for office buildings range from 1 to 3 years.

**31 FINANCE LEASE LIABILITIES**

The Group leases office equipment and motor vehicles under finance leases with lease terms of 3 to 5 years.

Office equipment leased under the finance lease comprise mainly of Information Technology assets. The remaining lease terms are between 2 to 5 years. The Group has an option for extension for 2 further successive periods of up to 12 months. Contingent rental is based on a revenue sharing model and are charged as expenses in the period in which they are incurred. At the end of the lease term, title to the assets will be transferred to the Group upon full payment being made.

The finance lease for motor vehicles has a remaining lease term of 1 to 2 years. The lease has an option for renewal for 1 year with no arrangement for contingent rental. At the end of the lease term, the Group has the option to purchase the motor vehicles at discounted rate from market price which shall be agreed by both lessee and lessor.

The weighted average effective interest rate of the Group's finance lease liabilities is 17.36% per annum.

Finance lease liabilities represent outstanding obligations payable in respect of the office equipment and motor vehicles acquired under finance lease commitment and are analysed as follows:

	Group
	2009 RM'000
<b>Current</b>	
<b>Secured</b>	
Finance lease liabilities	22,046
<b>Non-current</b>	
<b>Secured</b>	
Finance lease liabilities	21,139
	<b>43,185</b>

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

### 31 FINANCE LEASE LIABILITIES (CONTINUED)

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

Analysis of finance lease commitment:

	<b>Group</b>
	<b>2009</b>
	<b>RM'000</b>
Analysis of finance lease commitment:	
Not later than 1 year	31,299
Later than 1 year and not later than 5 years	27,819
	<b>59,118</b>
Less: Future finance charges	<b>(15,933)</b>
Present value	<b>43,185</b>
Representing lease liabilities:	
- Current	22,046
- Non-current	21,139
	<b>43,185</b>
Maturity profile:	
- Not later than 1 year	22,046
- Later than 1 year and not later than 2 years	8,685
- Later than 2 years and not later than 5 years	12,454
	<b>43,185</b>

The finance lease liabilities are effectively secured as:

- (a) the rights to the leased motor vehicles revert to the lessor in the event of defaults; and
- (b) the title to the office equipment remain with the lessor until payment of the termination and/or exit charges.

### 32 FINANCIAL RISK MANAGEMENT

The significant financial risks which the Group is exposed to arising from its business activities are mainly currency, credit and interest rate risks. Conventional derivative financial instruments are utilised by the Group to achieve greater certainty of future costs. The Group does not enter into derivative financial instruments for speculative purposes.

#### (a) Currency risk management

The objectives of the Group's currency risk management policies are to allow the Group to effectively manage exposures that may arise from operating activities within a framework of controls that minimise the impact of foreign currency fluctuations. Foreign currency forward contracts are used to manage foreign exchange exposures arising from all known material foreign currency denominated commitments as and when they arise.

The Group enters into foreign currency forward contracts 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.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**32 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Currency risk management (continued)**

The currency exposure of financial assets and financial liabilities of the Group and the Company that are not denominated in the functional currency of the respective companies are set out below. Where applicable, the currency risk 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.

Currency exposure at 31 December 2009						
Group	SGD RM'000	IDR RM'000	USD RM'000	SDR RM'000	EURO RM'000	OTHERS RM'000
<b>Functional currency</b>						
<b>Ringgit Malaysia</b>						
Receivables	7	0	23,776	12,519	328	681
Deposits, bank and cash balances	0	44	15,589	0	17	0
Payables	(186)	0	(84,144)	(63,779)	(1,082)	(2,197)
Amounts due (to)/from related parties	0	0	(2,484)	69	0	0
Unhedged	(179)	44	(47,263)	(51,191)	(737)	(1,516)

Currency exposure at 31 December 2008						
Group	SGD RM'000	IDR RM'000	USD RM'000	SDR RM'000	EURO RM'000	OTHERS RM'000
<b>Functional currency</b>						
<b>Ringgit Malaysia</b>						
Loan to a jointly controlled entity	0	0	173,500	0	0	0
Receivables	0	0	127	76,212	0	0
Deposits, bank and cash balances	0	39	13,086	0	0	0
Payables	0	0	(851)	(68,086)	0	(865)
Amounts due to related parties	0	0	0	(2,931)	0	0
Unhedged	0	39	185,862	5,195	0	(865)

**(b) Credit risk management**

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

The Group has no significant concentration of credit risk. Credit risks of trade receivables are 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. Trade receivables are monitored on an on-going basis via the Group's management reporting procedures.

The Group places its cash and cash equivalents with a number of creditworthy financial institutions. The Group's policy limits the concentration of financial exposure to any single financial institution.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**32 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Interest rate risk management**

The Group's exposure to interest rate risk arises predominantly from assets and liabilities bearing variable interest rates. Interest rate swaps are used to manage interest rate fluctuations arising from borrowings when required.

The net exposure of financial assets and financial liabilities of the Group and the Company to interest rate risk and the periods in which the borrowings mature or reprice (whichever is earlier) are as follows:

	Contractual interest rate at balance sheet date (per annum) %	Total carrying amount RM'000	Floating interest rate < 1 year RM'000	Fixed interest rate		
				< 1 year RM'000	1-2 years RM'000	2-5 years RM'000
<b>Group</b>						
<b>At 31 December 2009</b>						
Deposits with licensed banks	1.90% - 2.11%	1,113,708	0	1,113,708	0	0
Finance lease liabilities	—	(43,185)	0	(22,046)	(8,685)	(12,454)
Loan from immediate holding company	KLIBOR 3-month <sup>#</sup> + 1.5%	(4,992,009)	(4,992,009)	0	0	0
Loan from a related party	MBB BLR* + 1%	(31,492)	(31,492)	0	0	0
		<b>(3,952,978)</b>	<b>(5,023,501)</b>	<b>1,091,662</b>	<b>(8,685)</b>	<b>(12,454)</b>
<b>Company</b>						
<b>At 31 December 2009</b>						
Deposits with licensed banks	1.90% - 2.05%	267,100	0	267,100	0	0
Loan from immediate holding company	KLIBOR 3-month + 1.5%	(3,807,850)	(3,807,850)	0	0	0
		<b>(3,540,750)</b>	<b>(3,807,850)</b>	<b>267,100</b>	<b>0</b>	<b>0</b>
<b>Group</b>						
<b>At 31 December 2008</b>						
Deposits with licensed banks	3.00% - 3.39%	1,148,724	0	1,148,724	0	0
Loan from a fellow subsidiary	LIBOR <sup>^</sup> + 4%	(430,002)	(430,002)	0	0	0
		<b>718,722</b>	<b>(430,002)</b>	<b>1,148,724</b>	<b>0</b>	<b>0</b>

Notes:

<sup>#</sup> KLIBOR 3-month denotes 3-month Kuala Lumpur Interbank Offered Rate.

\* MBB BLR denotes Maybank Base Lending Rate.

<sup>^</sup> LIBOR denotes London Interbank Offered Rate.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**32 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Fair values**

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except as set out below:

		<b>Group</b>	
	<b>Note</b>	<b>Carrying amount RM'000</b>	<b>Fair value RM000</b>
<b>At 31 December 2009</b>			
Finance lease liabilities	31	<b>21,139</b>	<b>24,681</b>
<b>At 31 December 2008</b>			
Loan to a jointly controlled entity	20	173,500	147,633

The Group makes certain assumption and applies the estimated discounted value for future cashflow to determine the fair value of the financial instruments.

**33 BUSINESS COMBINATIONS**

**(a) Acquisition of subsidiaries**

On 1 October 2009, the Company completed the acquisition of the entire issued and paid-up capital of the Subsidiaries held by MCB for a total consideration of RM34,998,250,000 of which RM31,190,400,000 was satisfied by the issuance of 7,499,999,998 shares at par value RM0.10 each and RM3,807,850,000 constituted amount payable by the Company to MCB. Pursuant to Section 60(4) of the Companies Act, 1965, the excess of the share issue price over the nominal value of shares issued totaling RM30,440,400,000 has been credited to merger relief.

Upon completion of the acquisition of the Subsidiaries, the Company became the legal parent of the Subsidiaries. MMSSB has been identified as the accounting acquirer under the terms of FRS 3 since the substance of the business combination is that MMSSB acquired the Company and the Other Subsidiaries in a reverse acquisition.

On consolidation, the reserve arising from reverse acquisition comprises:

	<b>Note</b>	<b>Group As at 1.10.2009 RM'000</b>
The difference between issued equity of the Company and issued equity of MMSSB together with deemed purchase consideration of the Other Subsidiaries		<b>(18,921,051)</b>
Cash distribution to immediate holding company	21	<b>(3,807,850)</b>
Reserve arising from reverse acquisition		<b>(22,728,901)</b>

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**33 BUSINESS COMBINATIONS (CONTINUED)**

**(a) Acquisition of subsidiaries (continued)**

Details of net assets acquired, goodwill and cash flows as of 1 October 2009 arising from business combination are as follows:

	Note	Fair value RM'000	Acquirees' carrying amount RM'000
Property, plant and equipment	15	4,088,741	4,088,741
Intangible assets	16	10,707,381	46,839
Prepaid lease payments	17	6,601	6,601
Deferred tax assets	22	1,803	1,803
Inventories		95,193	95,193
Receivables, deposits and prepayments		342,736	342,736
Tax recoverable		258	258
Amount due from related parties		7,924	7,924
Amount due from fellow subsidiaries		371	371
Amount due from immediate holding company		105,758	105,758
Cash and cash equivalents		184,525	184,525
Provision for liabilities and charges	29	(187,415)	(187,415)
Payables and accruals		(1,197,450)	(1,197,450)
Amount due to related company		(9,527)	(9,527)
Amount due to MMSSB		(155,816)	(155,816)
Dividend payable to immediate and ultimate holding companies		(2,781,454)	(2,781,454)
Finance lease liabilities		(4,925)	(4,925)
Taxation		(127,822)	(127,822)
Loan from a related party		(31,093)	(31,093)
Deferred tax liabilities	22	(341,116)	(341,116)
Group's share of net assets		10,704,673	44,131
Goodwill on acquisition	16	219,087	
<b>Total business combination costs</b>		<b>10,923,760</b>	
Purchase consideration satisfied by:			
- Shares		9,510,300	
- Amount payable to immediate holding company		1,398,950	
<b>Total deemed purchase consideration</b>		<b>10,909,250</b>	
Expenses directly attributable to acquisition		14,510	
<b>Total deemed business combination costs</b>		<b>10,923,760</b>	
Cash and cash equivalents of subsidiary acquired		184,525	
Less: Expenses directly attributable to acquisition		(14,510)	
<b>Net cash inflow of the Group on acquisition</b>		<b>170,015</b>	

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**33 BUSINESS COMBINATIONS (CONTINUED)**

**(a) Acquisition of subsidiaries (continued)**

The goodwill recognised on the acquisition is mainly attributable to the growth expected of the acquired business.

The following unaudited proforma summary presents the Group as if the Subsidiaries had been acquired on 1 January 2008. The proforma amounts include the consolidated results of the Subsidiaries and do not include any possible synergies from the acquisition. The proforma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the Subsidiaries.

	Proforma	
	2009 RM'000	2008 RM'000
Revenue	<b>8,611,132</b>	8,449,776
Interconnect expenses, Universal Services Provision contributions and other direct cost of sales	<b>(2,797,115)</b>	(2,650,948)
Gross profit	<b>5,814,017</b>	5,798,828
Other income	<b>4,845</b>	2,689
Administrative expenses	<b>(1,497,130)</b>	(1,330,586)
Network operation costs	<b>(1,130,584)</b>	(1,223,153)
Other expenses	<b>(135,948)</b>	(37,983)
Profit from operations	<b>3,055,200</b>	3,209,795
Finance income	<b>29,510</b>	56,769
Finance costs	<b>(77,472)</b>	(38,903)
Profit before tax	<b>3,007,238</b>	3,227,661
Tax expenses	<b>(774,748)</b>	(827,278)
Profit for the financial year	<b>2,232,490</b>	2,400,383

In relation to the Listing, the Group has recognised the following non-recurring costs:

- (i) share-based payments of RM53,074,000 for discount on shares issued to retail investors; and
- (ii) Listing and related expenses of RM49,816,000.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

### 33 BUSINESS COMBINATIONS (CONTINUED)

#### (b) Disposal of a subsidiary

On 30 September 2009, MMSSB disposed of ABV, which held 44% equity interest in NTS, to MCB for a total cash consideration of RM1,018,853,000, which was equivalent to its cost of investment in ABV.

Details of net assets disposed and cash flows arising from the disposal are as follows:

		Group
	Note	As at 30.9.2009 RM'000
Interests in jointly controlled entity		717,525
Receivables, deposits and prepayment		9,388
Cash and cash equivalents		210
Payables and accruals		(371)
Amount due to a fellow subsidiary		(179,386)
Loan from a fellow subsidiary		(431,861)
Group's share of net assets		115,505
Realisation of currency translation differences reserve	28(c)	27,570
Disposal proceeds		(1,018,853)
Gain on disposal		(875,778)
Disposal proceeds discharged by cash		1,018,853
Cash and cash equivalents of subsidiary disposed		(210)
Net cash inflow of the Group on disposal		1,018,643

### 34 CAPITAL COMMITMENTS

Capital expenditure for property, plant and equipment approved by the Directors and not provided for in the financial statements as at the balance sheet date are as follows:

		Group	
		2009 RM'000	2008 RM'000
Contracted for		204,600	4,001
Not contracted for		0	155,350
		204,600	159,351

In the prior year, the Group's share of jointly controlled entity's commitment for property, plant and equipment amounted to RM493,981,000.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2009 (CONTINUED)

#### 35 OPERATING LEASE COMMITMENTS

Generally, the Group leases a number of network infrastructure, offices and customer service centres under operating leases. The leases run for a period of 3 to 15 years (2008: 3 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:

	Group	
	2009 RM'000	2008 RM'000
Not later than 1 year	42,749	4,450
Later than 1 year but not later than 5 years	85,081	2,786
Later than 5 years	611,262	0
	<b>739,092</b>	7,236

Included in the future minimum lease payments are lease commitments for network infrastructure which are subject to variation based on the number of co-sharing parties for each individual site.

#### 36 RELATED PARTIES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant transactions and balances. The related party transactions described below were carried out on agreed terms with the related parties. None of these balances are secured.

	Group			
	Transaction value		Balance outstanding	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Sales of goods and services to:</b>				
- MEASAT Broadcast Network Systems Sdn. Bhd. <sup>1</sup> (VSAT, telephony and international bandwidth services)	10,062	7,690	3,381	2,022
- Saudi Telecom Company ("STC") <sup>2</sup> (roaming and international calls)	4,647	9,141	3,004	(2,633)
<b>Purchases of goods and services from:</b>				
- Tanjong City Centre Property Management Sdn. Bhd. <sup>4</sup> (rental, signage, parking and utility charges)	10,167	1,514	223	126
- MEASAT Satellite Systems Sdn. Bhd. <sup>5</sup> (transponder lease rental)	4,545	0	0	0

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**36 RELATED PARTIES (CONTINUED)**

	<b>Group</b>			
	<b>Transaction value</b>		<b>Balance outstanding</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Purchases of goods and services from: (continued)</b>				
- Aircel Limited Group <sup>3</sup> (interconnect, roaming and international calls)	<b>5,975</b>	0	<b>5,593</b>	0
- Digital Five Sdn. Bhd. <sup>1</sup> (contents provision)	<b>2,606</b>	8,551	<b>4,141</b>	7,838
- MEASAT Broadcast Network Systems Sdn. Bhd. <sup>1</sup> (CATV, advertising, printing services and video content)	<b>3,413</b>	5,162	<b>4,884</b>	9,631
- UTSB Management Sdn. Bhd. <sup>6</sup> (secondment and consultancy services)	<b>6,563</b>	0	<b>2,188</b>	0
- SRG Asia Pacific Sdn. Bhd. <sup>6</sup> (call handling and telemarketing services)	<b>19,659</b>	28,624	<b>3,700</b>	13,120
- STC <sup>2</sup> (roaming and international calls)	<b>1,666</b>	2,860	<b>5,283</b>	298
- UMTS (Malaysia) Sdn Bhd <sup>7</sup> (usage 3G spectrum)	<b>4,740</b>	0	<b>0</b>	0
- MCB <sup>8</sup> (ESOS – Equivalent Cash Consideration)	<b>1,965</b>	1,743	<b>0</b>	0
Payment on behalf of operating expenses and funds transferred by MCB <sup>8</sup>	<b>178,396</b>	137,760	<b>0</b>	0

Usaha Tegas Sdn Bhd ("UTSB"), Saudi Telecom Company ("STC") and Harapan Nusantara Sdn Bhd ("Harapan Nusantara") are related parties to the Company, by virtue of having joint control over MCB via Binariang GSM Sdn Bhd ("BGSM"), pursuant to a shareholders' agreement in relation to BGSM. MCB is the immediate holding company of the Company.

Ananda Krishnan Tatparanandam ("TAK"), has a deemed interest in the shares of UTSB through Pacific States Investment Limited ("PSIL"), which has a direct controlling interest in UTSB. The shares in PSIL are held by Excorp Holdings N.V, which is in turn held by PanOcean Management Limited ("PanOcean"), the ultimate holding company. 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 TAK is deemed to have an interest in the shares of UTSB, he does not have any economic or beneficial interest in the shares of UTSB, as such interest is held subject to the terms of the discretionary trust.

<sup>1</sup> Subsidiary of ASTRO ALL ASIA NETWORKS plc ("ASTRO"), an associate of UTSB

<sup>2</sup> A major shareholder of BGSM, the ultimate holding company of the Company

<sup>3</sup> Subsidiaries of MCB

<sup>4</sup> Subsidiary of Tanjong Public Limited Company, an associate of UTSB

<sup>5</sup> Subsidiary of MAI Holdings Sdn Bhd, a company controlled by TAK

<sup>6</sup> Subsidiary of UTSB

<sup>7</sup> Subsidiary of the Company and associate of ASTRO. The outstanding balances as at 31 December 2009 are eliminated in the consolidated financial statements

<sup>8</sup> The immediate holding company of the Company

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)

**36 RELATED PARTIES (CONTINUED)**

	<b>Company</b>
	<b>2009 RM'000</b>
Amount charged by a subsidiary:	
- management fees	2,696
Payment on behalf of operating expenses and funds transferred:	
- to subsidiaries	2,029
- by subsidiaries	263
- by MCB	21,404

**37 CONTINGENT LIABILITIES**

In the normal course of business, the Group and the Company incur certain contingent liabilities arising from legal recourse sought by its customers. No material losses are anticipated as a result of these transactions.

The following contingent liabilities have not been provided for in the financial statements, as it is not anticipated that any material liabilities will arise from these contingencies.

	<b>Group</b>	
	<b>2009 RM'000</b>	<b>2008 RM'000</b>
Indemnity given to financial institutions - unsecured:		
(a) Royal Malaysian Customs (for bank guarantees in relation to clearance on import of goods)	29,518	3,189
(b) Malaysian Communications and Multimedia Commission (for performance guarantee in relation to 3G spectrum assignment)	50,000	0
(c) Others (for bank guarantees issued to mainly local authorities for the purpose of infrastructure works, utility companies and others)	30,009	0
	<b>109,527</b>	3,189

In the prior year, the Group's share of jointly controlled entity's contingent liabilities amounted to RM2,218,000.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2009 (CONTINUED)**38 SUBSEQUENT EVENTS**

On 22 February 2010, the Company entered into agreements in relation to the following facilities:

- (a) a syndicated term loan facility of USD750,000,000 ("USD Loan"); and
- (b) a term loan facility of RM2,500,000,000 ("RM Loan")

(the USD Loan and the RM Loan shall be collectively referred to as the "Loans").

It was disclosed in the Company's Prospectus that the Company had obtained a revolving credit facility of RM1,000,000,000 from CIMB Bank Berhad for working capital and liquidity purposes should the need arise. This facility has not been drawdown and as a consequence, was cancelled on 22 February 2010.

The Company utilised proceeds of RM4,992,009,000 from the syndicated term loan facility of USD750,000,000 and term loan of RM2,500,000,000 to repay monies owing to MCB as a result of the Pre-Listing Restructuring.

The Company entered into an amortising cross currency interest rate swap ("CCIRS") on 24 February 2010 to hedge against fluctuations in the USD/RM exchange rate and fluctuations in LIBOR on its USD750 million syndicated loan. The initial exchange consists of the Company paying USD in exchange of receiving Ringgit Malaysia at an exchange rate of RM3.40 to USD1.00. The Company will pay a fixed interest rate of 4.75% in exchange for receiving LIBOR plus a spread on the amortising outstanding principal amounts, and pay Ringgit Malaysia in exchange of receiving USD at a pre-determined exchange rate of RM3.40 to USD1.00 according to the scheduled repayment of the syndicated loan in which principal exchange occurs semi-annually.

**39 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 21 April 2010.

# 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 Sandip Das, two of the Directors of Maxis Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 95 to 155 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the provisions of the Companies Act, 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

Signed on behalf of the Board of Directors in accordance with their resolution dated 21 April 2010.

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

**SANDIP DAS**  
DIRECTOR

Kuala Lumpur

# STATUTORY DECLARATION

**PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Tan Moi Tsu, the officer primarily responsible for the financial management of Maxis Berhad, do solemnly and sincerely declare that the financial statements set out on pages 95 to 155 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.

**TAN MOI TSU**

Subscribed and solemnly declared by the above named Tan Moi Tsu at Kuala Lumpur in Malaysia on 21 April 2010, before me.

**AHMAD B. LAYA**

(No: W259)

COMMISSIONER FOR OATHS

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAXIS BERHAD

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Maxis Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements 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 on pages 95 to 155.

### Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 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 Company's preparation and fair presentation of the financial statements 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 Company'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 have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

## 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 auditors' reports of the subsidiary of which we have not acted as auditors, which is indicated in note 19 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 MATTERS

This report is made solely to the member 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

### UTHAYA KUMAR S/O K.VIVEKANANDA

(No. 1455/06/10 (J))

Chartered Accountant

Kuala Lumpur  
21 April 2010