



**MAXIS COMMUNICATIONS BERHAD**  
(158400 – V)

INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

**ANNOUNCEMENT**

The Board of Directors of Maxis Communications Berhad (“Maxis” or “the Company”) is pleased to announce the following unaudited consolidated results for the first quarter ended 31 March 2007 which should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Note	INDIVIDUAL QUARTER		+	CUMULATIVE QUARTER		+
		QUARTER ENDED 31/3/2007	QUARTER ENDED 31/3/2006		PERIOD ENDED 31/3/2007	PERIOD ENDED 31/3/2006	
		RM' m	RM' m	%	RM' m	RM' m	%
Revenue	8	2,157	1,727	+25	2,157	1,727	+25
Interconnect expenses, Universal Service Provision contributions and direct cost of sales		(652)	(509)		(652)	(509)	
Gross profit		1,505	1,218	+24	1,505	1,218	+24
Other operating income		2	3		2	3	
Administrative expenses		(412)	(273)		(412)	(273)	
Network operation costs		(274)	(228)		(274)	(228)	
Other operating expenses		(9)	(31)		(9)	(31)	
Profit from operations	8	812	689	+18	812	689	+18
Finance income		37	25		37	25	
Finance cost		(84)	(18)		(84)	(18)	
Share of results of associate		-	11		-	11	
Profit before tax		765	707	+8	765	707	+8
Tax expenses	18	(219)	(217)		(219)	(217)	
Profit for the period		546	490	+11	546	490	+11
Attributable to:							
- Equity holders of the Company		572	510	+12	572	510	+12
- Minority interests		(26)	(20)		(26)	(20)	
		546	490	+11	546	490	+11
Earnings per share attributable to equity holders of the Company:		Sen	Sen		Sen	Sen	
- Basic	26	22.6	20.4		22.6	20.4	
- Diluted	26	22.3	20.3		22.3	20.3	



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**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

		AS AT 31/3/2007	AS AT 31/12/2006
	Note	RM' m	RM' m
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	9 (a)	6,596	6,466
Intangible assets		4,689	4,714
Prepaid land lease payments		18	18
Other investment		4	4
Deferred tax assets		112	133
<b>TOTAL NON-CURRENT ASSETS</b>		<b>11,419</b>	<b>11,335</b>
<b>Current Assets</b>			
Inventories		279	400
Receivables, deposits and prepayments		1,136	1,089
Tax recoverable		144	129
Amounts due from related parties		2	5
Cash and cash equivalents		3,735	2,463
<b>TOTAL CURRENT ASSETS</b>		<b>5,296</b>	<b>4,086</b>
<b>TOTAL ASSETS</b>		<b>16,715</b>	<b>15,421</b>



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**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET (Continued)**

	AS AT 31/3/2007	AS AT 31/12/2006
	RM' m	RM' m
<b>EQUITY</b>		
Share capital	253	252
Reserves	3,658	3,574
Retained earnings	3,723	3,341
<b>Capital and reserves attributable to equity holders of the Company</b>	<b>7,634</b>	<b>7,167</b>
Minority interests	130	165
<b>TOTAL EQUITY</b>	<b>7,764</b>	<b>7,332</b>
 <b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Post-employment benefit obligations	5	3
Provisions for liabilities and charges	48	73
Payables and accruals	3,190	3,347
Amounts due to related parties	32	28
Borrowings	2,631	2,652
Taxation	241	210
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,147</b>	<b>6,313</b>
<b>Non-Current Liabilities</b>		
Post-employment benefit obligations	2	2
Provisions for liabilities and charges	130	116
Payables and accruals	126	132
Borrowings	2,011	997
Loan from a related party	26	26
Deferred tax liabilities	509	503
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,804</b>	<b>1,776</b>
<b>TOTAL LIABILITIES</b>	<b>8,951</b>	<b>8,089</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>16,715</b>	<b>15,421</b>
 <b>Net assets per share attributable to equity holders of the Company (RM)</b>	<b>3.02</b>	<b>2.84</b>



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

←-----Attributable to Equity Holders of the Company----->

Period ended 31/3/2007	Issued and fully paid		Share premium	Other reserves	Retained earnings	Share-holders' equity	Minority interests	Total Equity
	Number of shares	Nominal value						
	' m	RM' m	RM' m	RM' m	RM' m	RM' m	RM' m	RM' m
Balance as at 1/1/2007	2,521	252	3,631	(57)	3,341	7,167	165	7,332
<b>Movements for the period</b>								
Net income / (expense) recognised directly in equity								
- Currency translation differences	-	-	-	-	-	-	(9)	(9)
- Profit for the financial period	-	-	-	-	572	572	(26)	546
Total recognised income / (expense) during the financial period	-	-	-	-	572	572	(35)	537
Issue of ordinary shares:								
- 9,045,000 ordinary shares pursuant to the ESOS <sup>(1)</sup>	9	1	72	(5)	-	68	-	68
ESOS <sup>(1)</sup> – Options granted	-	-	-	17	-	17	-	17
Dividend for the financial year ended 31/12/2006								
- Fourth interim	-	-	-	-	(190)	(190)	-	(190)
Balance as at 31/3/2007	2,530	253	3,703	(45)	3,723	7,634	130	7,764



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)**

←-----Attributable to Equity Holders of the Company----->

Period ended 31/3/2006	Issued and fully paid		Share premium RM' m	Other reserves RM' m	Retained earnings RM' m	Share-holders' equity RM' m	Minority interests RM' m	Total Equity RM' m
	Number of shares ' m	Nominal value RM' m						
Balance as at 1/1/2006	2,500	250	3,503	9	2,290	6,052	240	6,292
<b>Movements for the period</b>								
Net income / (expense) recognised directly in equity								
- Currency translation differences	-	-	-	(43)	-	(43)	13	(30)
- Profit for the financial period	-	-	-	-	510	510	(20)	490
Total recognised (expense) / income during the financial period	-	-	-	(43)	510	467	(7)	460
Issue of ordinary shares:								
- 2,020,000 ordinary shares pursuant to the ESOS <sup>(1)</sup>	2	-	11	-	-	11	-	11
ESOS <sup>(1)</sup> – Options granted	-	-	-	8	-	8	-	8
Acquisition of subsidiaries	-	-	-	-	-	-	11	11
Dividend for the financial year ended 31/12/2005								
- Fourth interim	-	-	-	-	(188)	(188)	-	(188)
Balance as at 31/3/2006	2,502	250	3,514	(26)	2,612	6,350	244	6,594

**Note:**

(1) Pursuant to the Employee Share Option Scheme (“ESOS”)



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	PERIOD ENDED 31/3/2007	PERIOD ENDED 31/3/2006
	RM' m	RM' m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the financial period	546	490
Depreciation of property, plant and equipment	266	232
Amortisation of intangible assets	5	4
Finance income	(37)	(25)
Finance cost	84	18
Tax expenses	219	217
Others	42	(6)
	<u>579</u>	<u>440</u>
Operating profit before working capital changes	1,125	930
Changes in working capital	(65)	(434)
	<u>1,060</u>	<u>496</u>
Cash flow from operations	1,060	496
Interest received	51	17
Tax paid	(160)	(122)
	<u>951</u>	<u>391</u>
Net cash flow from operating activities	951	391
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries	-	(2,722)
Purchase of property, plant and equipment	(417)	(299)
Proceeds from disposal of property, plant and equipment	-	2
Partial payment of the 3G spectrum assignment licence fees in Malaysia	(8)	-
Purchase of spectrum rights	(15)	-
Pledged deposits placed with licensed banks	(45)	-
	<u>(485)</u>	<u>(3,019)</u>
Net cash flow used in investing activities	(485)	(3,019)



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Continued)**

	PERIOD ENDED 31/3/2007	PERIOD ENDED 31/3/2006
	RM' m	RM' m
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	1,045	1,844
Repayment of borrowings	(25)	-
Proceeds from issuance of shares pursuant to ESOS	68	11
Dividends paid	(190)	(188)
Interest paid	(135)	(19)
Net cash flow from financing activities	763	1,648
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,229	(980)
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	(2)	2
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	2,286	3,477
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	3,513	2,499



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**PART A – EXPLANATORY NOTES IN COMPLIANCE WITH FRS 134, PARAGRAPH 16**

**1. ACCOUNTING POLICIES**

The quarterly condensed financial report of Maxis and its subsidiaries (“the Group”) has been prepared based on:

- The requirements of the Financial Reporting Standards (“FRS”) 134<sub>2004</sub> – Interim Financial Reporting; and
- Paragraph 9.22 of the Bursa Malaysia Securities Listing Requirements (“Bursa Securities LR”)

and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2006. The accounting policies adopted for the quarterly condensed financial report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2006 except for the adoption of the following revised FRS issued by Malaysian Accounting Standards Board (“MASB”) that are applicable for the Group’s financial period beginning on 1 January 2007:

- FRS 117 – Leases
- FRS 124 – Related Party Disclosures
- Amendment to FRS 119<sub>2004</sub> – Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

The adoption of FRS 124 and 119<sub>2004</sub> did not have any significant financial impact on the Group.

FRS 117 – Leases

The adoption of the revised FRS 117 – Leases has resulted in a change in the accounting policy relating to the classification of leases of land and buildings.

Prior to 1 January 2007, leasehold land and buildings held for own use were classified as property, plant and equipment and were stated at cost less accumulated depreciation and impairment loss. FRS 117 requires that leasehold land and buildings be classified as operating or finance leases in the same way as leases of other assets.

The Group has applied the change in accounting policy with respect to leasehold land in accordance with the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively. Certain comparatives within the consolidated balance sheet as at 31 December 2006 have been restated as set out below. There were no effects on the income statement of the Group for the quarter ended 31 March 2007.

The following comparative amounts have been restated due to adoption of FRS 117:

	<u>As previously reported</u> RM’ m	<u>FRS 117</u> RM’ m	<u>As restated</u> RM’ m
<b><u>Balance Sheet as at 31 December 2006</u></b>			
Property, plant and equipment	6,484	(18)	6,466
Prepaid land lease payments (non-current)	-	18	18
Prepaid land lease payments (current) – included within receivables, deposits and prepayments	-	-*	-*

\* Denotes amount of RM0.3 million.



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**2. QUALIFICATION OF PRECEDING AUDITED FINANCIAL STATEMENTS**

The auditors' report on the audited financial statements for the financial year ended 31 December 2006 was not qualified.

**3. SEASONAL / CYCLICAL FACTORS**

The operations of the Group were not significantly affected by seasonality and cyclical factors during the quarter under review.

**4. NATURE AND AMOUNT OF ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS THAT ARE UNUSUAL BECAUSE OF THEIR NATURE, SIZE OR INCIDENCE**

There were no significant unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter under review.

**5. NATURE AND AMOUNT OF CHANGES IN ESTIMATES OF AMOUNTS REPORTED IN PRIOR INTERIM PERIODS OF THE CURRENT FINANCIAL YEAR OR CHANGES IN ESTIMATES OF AMOUNTS REPORTED IN PRIOR FINANCIAL YEARS, IF THOSE CHANGES HAVE A MATERIAL EFFECT IN THE CURRENT INTERIM PERIOD**

There were no significant changes in estimates of amounts reported in prior interim periods or in prior financial years.

**6. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>NUMBER OF SHARES</u> ' 000	<u>PROCEEDS FROM SHARE ISSUE</u> RM' m	<u>NUMBER OF SHARES</u> ' 000	<u>PROCEEDS FROM SHARE ISSUE</u> RM' m
Issuance of new ordinary shares of RM0.10 each pursuant to employees exercising their options under the ESOS	9,045	68	9,045	68

**7. DIVIDENDS PAID**

During the quarter under review, the fourth interim dividend of 10.28 sen per ordinary share, less Malaysian income tax at 27%, amounting to RM190 million in respect of the financial year ended 31 December 2006, was paid on 30 March 2007.



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PART A – EXPLANATORY NOTES IN COMPLIANCE WITH FRS 134, PARAGRAPIH 16

**8. SEGMENT RESULTS AND 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 services and international gateway services. The Group also provides other services which are currently not significant enough to be reported separately. The results for the Mobile services segment are further divided into geographic regions. 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.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2007	QUARTER ENDED 31/3/2006	QUARTER ENDED 31/3/2007	QUARTER ENDED 31/3/2006
<u>Segment Revenue</u>	RM' m	RM' m	RM' m	RM' m
<u>Mobile services</u>				
Malaysia – external revenue	1,723	1,595	1,723	1,595
Malaysia – inter-segment revenue	12	20	12	20
India – external revenue	320	29	320	29
Indonesia – external revenue	-	1	-	1
	<u>2,055</u>	<u>1,645</u>	<u>2,055</u>	<u>1,645</u>
<u>Fixed services</u>				
Malaysia – external revenue	39	41	39	41
Malaysia – inter-segment revenue	14	11	14	11
	<u>53</u>	<u>52</u>	<u>53</u>	<u>52</u>
<u>International gateway services</u>				
Malaysia – external revenue	75	61	75	61
Malaysia – inter-segment revenue	49	56	49	56
	<u>124</u>	<u>117</u>	<u>124</u>	<u>117</u>
<u>Other operations</u>				
Malaysia – inter-segment revenue	38	20	38	20
Total reportable segments	<u>2,270</u>	<u>1,834</u>	<u>2,270</u>	<u>1,834</u>
Eliminations	<u>(113)</u>	<u>(107)</u>	<u>(113)</u>	<u>(107)</u>
Total Group revenue	<u>2,157</u>	<u>1,727</u>	<u>2,157</u>	<u>1,727</u>



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PART A – EXPLANATORY NOTES IN COMPLIANCE WITH FRS 134, PARAGRAPH 16

**8. SEGMENT RESULTS AND REPORTING (Continued)**

<u>Segment Results</u>	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>QUARTER ENDED</u>	<u>QUARTER ENDED</u>	<u>QUARTER ENDED</u>	<u>QUARTER ENDED</u>
	<u>31/3/2007</u>	<u>31/3/2006</u>	<u>31/3/2007</u>	<u>31/3/2006</u>
	<u>RM' m</u>	<u>RM' m</u>	<u>RM' m</u>	<u>RM' m</u>
Mobile services - Malaysia	795	706	795	706
Mobile services – Indonesia	(39)	(43)	(39)	(43)
Mobile services - India	56	8	56	8
Fixed services - Malaysia	(4)	3	(4)	3
International gateway services - Malaysia	9	21	9	21
Other operations - Malaysia	(5)	(6)	(5)	(6)
Profit from operations	<u>812</u>	<u>689</u>	<u>812</u>	<u>689</u>

**9. CARRYING AMOUNT OF REVALUED ASSETS**

**(a) Property, plant and equipment**

There was no revalued property, plant and equipment during the quarter and as at 31 March 2007.

**(b) Investment properties**

There were no investment properties during the quarter and as at 31 March 2007.

**10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD**

The Company has on 3 May 2007 received a Notice of Conditional Take-Over Offer ("Offer") from CIMB Investment Bank Berhad (*formerly known as Commerce International Merchant Bankers Berhad*) on behalf of Binariang GSM Sdn Bhd ("Binariang" or "Offeror") to acquire all voting shares in Maxis ("Offer Shares").

The Offer Shares shall comprise the existing 2,531,696,000 issued and paid-up ordinary shares of RM0.10 each in Maxis ("Maxis Shares") as at 20 April 2007 and any new Maxis Shares that may be issued by Maxis arising from the exercise, before the close of the take-over offer, of the options granted by Maxis to its ESOS scheme.

The Offer is subject to the following:-

- (i) Offeror receiving valid acceptances (on or before the close of the Offer) which would result in the Offeror holding in aggregate, together with such Maxis Shares that are already acquired, held or entitled to be acquired or held by the Offeror, if any, more than 50% of the Maxis Shares; and



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**10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD (Continued)**

- (ii) approval of the Securities Commission (under the Guideline on Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests issued by the Foreign Investment Committee) for the acquisition of the Offer Shares by Binariang under the Offer.

The Board of Directors of Maxis (“Board”) noted that the Offeror has obtained irrevocable undertakings to accept the Offer from persons acting in concert with the Offeror who currently hold 59.53% of the Offer Shares.

The Board does not intend to seek an alternative person to make a take-over offer for the Offer Shares.

In accordance with the Malaysian Code on Take-overs and Mergers 1998, the Board, subject to the approval of the Securities Commission in accordance with Part IV Section 15(8) of the Code, has appointed RHB Investment Bank Berhad (*formerly known as RHB Sakura Merchant Bankers Berhad*) as the Independent Adviser to advise the Independent Directors and holders of Offer Shares on the reasonableness of the Offer. The Independent Directors will inform holders of the Offer Shares of their recommendation on the Offer within 10 days from the posting of the offer document.

Save as reported above and in the financial statements for the year ended 31 December 2006, there were no material events subsequent to the end of the financial period.

**11. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group in the current quarter.



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**PART A – EXPLANATORY NOTES IN COMPLIANCE WITH FRS 134, PARAGRAPH 16**

**12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

**(a) Contingent liabilities**

The amounts of contingent liabilities as at 17 May 2007 were as follows:

	<b>Group RM' m</b>
(i) Guarantees given to a third party in respect of services provided to subsidiaries - unsecured	<u>2</u>
(ii) Indemnity given to financial institutions in respect of bank guarantees issued at the request of the Company and its subsidiaries:	
(a) Department of Telecommunications (“DoT”), the Republic of India	
- Secured	715
- Unsecured	<u>81</u>
	796
(b) Customs	
- Secured	6
- Unsecured	<u>37</u>
	43
(c) Others	
- Secured	11
- Unsecured	<u>41</u>
	52
	<u>891</u>
(iii) Irrevocable bank guarantee given to the Malaysian Communications and Multimedia Commission - unsecured	<u>45</u>

**(b) Contingent assets**

There were no contingent assets as at 17 May 2007.

**13. CAPITAL COMMITMENTS**

Capital commitments for property, plant and equipment not provided for as at 31 March 2007 are as follows:

	<b>Group RM' m</b>
Approved by the Board of Directors:	
- contracted for	734
- not contracted for	<u>1,808</u>
	<u>2,542</u>



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**PART A – EXPLANATORY NOTES IN COMPLIANCE WITH FRS 134, PARAGRAPH 16**

**14. SIGNIFICANT RELATED PARTY DISCLOSURES**

Related parties are those defined under FRS 124 - Related Party Disclosures. The significant related party transactions and balances described below were carried out on commercial terms that are no more favourable than that available to other third parties.

	<b>Transactions for the period ended 31/3/2007</b>	<b>Balances due from/(to) as at 31/3/2007</b>
	<b>RM' m</b>	<b>RM' m</b>
<b>(a) Sales of goods and services</b>		
Sales of telecommunication services to:		
- MEASAT Broadcast Network Systems Sdn. Bhd. and its related companies <sup>1</sup> (VSAT, telephony and international bandwidth services)	4	3
<b>(b) Purchases of goods and services</b>		
Purchases of services from:		
- Tanjong City Centre Property Management Sdn. Bhd. <sup>1</sup> (rental and utility charges)	6	(1)
- MEASAT Satellite Systems Sdn. Bhd. <sup>1</sup> (transponder lease rental)	2	-
- MEASAT Broadcast Network Systems Sdn. Bhd. and its related companies <sup>1</sup> (video content, multimedia and interactive services)	1	(2)
- UTSB Management Sdn. Bhd. <sup>1</sup> (secondment and consultancy services)	9	(11)
- SRG Asia Pacific Sdn. Bhd. <sup>1</sup> (call handling and telemarketing services)	5	(3)

<sup>1</sup> Usaha Tegas Sdn. Bhd. together with certain entities controlled by or in which Ananda Krishnan Tatparanandam is deemed to have an interest, have the ability to exercise significant influence over these entities and the Group.



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**PART B – EXPLANATORY NOTES IN COMPLIANCE WITH BURSA SECURITIES LR  
UNDER PART A OF APPENDIX 9B**

**15. REVIEW OF PERFORMANCE**

**(A) Performance of the current quarter against the preceding quarter (1<sup>st</sup> Quarter 2007 versus 4<sup>th</sup> Quarter 2006)**

<b>Financial indicators</b>	<b>1<sup>st</sup> Quarter 2007 (Unaudited)</b>	<b>4<sup>th</sup> Quarter 2006 (Unaudited)</b>	<b>Variance</b>	<b>% Variance</b>
<b><u>Financials – Group (RM'm)</u></b>				
Revenue	2,157	2,117	40	2%
EBITDA	1,082	1,067	15	1%
EBITDA margin (%)	50.2	50.4	(0.2)	-
Profit before tax (“PBT”)	765	822	(57)	(7%)
Profit for the period	546	631	(85)	(13%)
PATAMI <sup>(1)</sup>	572	642	(70)	(11%)
<b><u>Financials – Malaysian Operations (RM'm)</u></b>				
Revenue	1,837	1,850	(13)	(1%)
EBITDA	1,017	1,023	(6)	(1%)
EBITDA margin (%)	55.4	55.3	0.1	-
PBT	773	754	19	3%
Profit for the period	561	578	(17)	(3%)
<b><u>Financials – Indian Operations (RM'm)</u></b>				
Revenue	320	267	53	20%
EBITDA	102	79	23	29%
EBITDA margin (%)	31.9	29.6	2.3	-
PBT	37	89	(52)	(58%)
Profit for the period	30	74	(44)	(59%)
<b><u>Financials – Indonesian Operations (RM'm)</u></b>				
Revenue <sup>(2)</sup>	-	-	-	-
EBITDA	(37)	(35)	(2)	(6%)
Loss for the period	(45)	(21)	(24)	(>100%)

**Notes:**

<sup>(1)</sup> PATAMI is Profit After Tax and Minority Interests, which equates to the profit for the period attributable to equity holders of the Company.

<sup>(2)</sup> Denote amounts of RM0.4 million for 1<sup>st</sup> Quarter and 4<sup>th</sup> Quarter respectively.



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15. REVIEW OF PERFORMANCE (Continued)

(A) Performance of the current quarter against the preceding quarter (1<sup>st</sup> Quarter 2007 versus 4<sup>th</sup> Quarter 2006)

Operational indicators	1 <sup>st</sup> Quarter 2007	4 <sup>th</sup> Quarter 2006	Variance	% Variance
<b>Operational indicators - Group</b>				
Net subscribers (' 000)				
- Postpaid	2,291	2,185	106	5%
- Prepaid	11,756	10,397	1,359	13%
- Total	14,047	12,582	1,465	12%
<b>Operational indicators - Malaysia</b>				
Net subscribers (' 000)				
- Postpaid	1,687	1,623	64	4%
- Prepaid	6,841	6,440	401	6%
- Total	8,528	8,063	465	6%
ARPU (RM)				
- Postpaid	128	132	(4)	(3%)
- Prepaid	51	47	4	9%
Monthly MOUs (minutes)				
- Postpaid	473	488	(15)	(3%)
- Prepaid	107	94	13	14%
Data Revenue (RM'm)	393	389 <sup>(1)</sup>	4	1%
SMS messages (' m)	6,759	7,233	(474)	(7)
<b>Operational indicators – India</b>				
Net subscribers (' 000)				
- Postpaid	602	559	43	8%
- Prepaid	4,912	3,954	958	24%
- Total	5,514	4,513	1,001	22%
ARPU (RM)				
- Postpaid	51	53	(2)	(4%)
- Prepaid	23	24	(1)	(4%)
<b>Operational indicators – Indonesia</b>				
Net subscribers (' 000)				
- Postpaid	2	3	(1)	(33%)
- Prepaid	3	3	-	-
- Total	5	6	(1)	(17%)
ARPU (RM)				
- Postpaid	26	30	(4)	(13%)
- Prepaid	23	16	7	44%

**Note:**

<sup>(1)</sup> Certain data related services previously classified as voice revenue has been reclassified to data revenue to conform with current quarter's presentation.



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## 15. REVIEW OF PERFORMANCE (Continued)

### (A) Performance of the current quarter against the preceding quarter (1<sup>st</sup> Quarter 2007 versus 4<sup>th</sup> Quarter 2006) (Continued)

The Group revenue increased by RM40 million or 2% to RM2,157 million largely due to contributions from the Indian operations. The Indian operations contributed RM320 million revenue on the back of a higher subscriber base, representing RM53 million or 20% growth over the preceding quarter. The Group's subscriber base grew by 1.5 million or 12% to 14 million subscribers as of end March 2007, comprising 8.5 million subscribers from the Malaysian operations and 5.5 million subscribers from the Indian operations.

The Group's EBITDA of RM1,082 million improved RM15 million or 1% compared to the last quarter. However, EBITDA margin declined by 0.2% point over the preceding quarter due to the dilutive effect of the lower margins of the Indian operations as its contribution to the Group increases. The Group's PBT and profit for the period declined RM57 million or 7% and RM85 million or 13% respectively.

The preceding quarter results benefited from non-recurring items comprising of RM31 million write-back of apparatus assignment license fee accrual in Malaysia, RM35 million write-back of 3G spectrum fee accruals in Indonesia and RM68 million other income from project consultancy services in India.

Accordingly, on an underlying basis, Group EBITDA of RM1,082 million grew RM67 million or 7% over preceding quarter's underlying EBITDA, reflecting revenue growth and reduced spending in the quarter. The resultant EBITDA margin of 50.2% improved 2.3% points over last quarter's underlying margin. The Group PBT and profit for the period of RM765 million and RM546 million represent RM77 million or 11% and RM40 million or 8% growth respectively from last quarter's underlying results.

#### Malaysian Operations

##### Revenue

The Malaysian operations registered a 6% increase in the total subscriber base over the preceding quarter. Its total subscriber base now stands at 8,528,000 subscribers. This increase was due to the various successful marketing campaigns and attractive plans launched, such as Family Plus, Total and Easy Plans, that helped push up the number of subscribers by 64,000 for postpaid and 401,000 for prepaid.

Revenue slipped marginally by RM13 million or 1% affected by the expected yield decline in the prepaid portfolio, following the higher take up for Total Plan which offered attractive tariff for on-net calls.

Data revenue increased by RM4 million or 1% over the preceding quarter supported by higher take up for internet usage and content download. SMS usage, driven by less festivities this quarter, reduced by 474 million or 7%. Data revenue contributed 22.7% of mobile segment revenue, representing a 0.4% point improvement over the preceding quarter.



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## 15. REVIEW OF PERFORMANCE (Continued)

### (A) Performance of the current quarter against the preceding quarter (1<sup>st</sup> Quarter 2007 versus 4<sup>th</sup> Quarter 2006) (Continued)

#### Malaysian Operations (continued)

##### EBITDA and EBITDA margin

EBITDA of RM1,017 million declined by RM6 million or 1% and the resultant EBITDA margin improved by 0.1% point from the previous quarter. Excluding the non-recurring RM31 million write-back of apparatus assignment license fee accrual in the prior quarter, the current's quarter's EBITDA improved RM25 million or 3% over previous quarter's underlying EBITDA, primarily resulting from lower activities during the quarter. EBITDA margin of 55.4% registered a 1.8% point increase over last quarter's underlying margin.

##### PBT and profit for the period

PBT of RM773 million was RM19 million or 3% higher than the preceding quarter. The preceding quarter's asset write down of RM19 million did not recur in the current quarter. Profit for the period was RM17 million lower than the preceding quarter as a result of higher corporate taxes by RM36 million. The prior quarter benefited from favourable adjustment to deferred tax balance arising from a reduction in the Malaysian corporate tax rate and recognition of deferred tax asset attributable to unabsorbed business losses and unutilised capital allowances for one of the subsidiaries.

#### Indian Operations

##### Revenue

Revenue increased by RM53 million or 20% over the preceding quarter on the back of the highest ever net additions of 1,001,000 subscribers for the quarter. Total subscribers as at the end of the quarter reached 5.5 million, representing a 22% growth from the preceding quarter. Aircel is now operational in 9 circles across India.

##### EBITDA and EBITDA margin

EBITDA increased by RM23 million or 29% to RM102 million and EBITDA margin improved 2.3% points to 31.9% mainly on the back of the strong revenue growth.

##### PBT and profit for the period

PBT of RM37 million was RM52 million or 58% lower than the preceding quarter whilst profit for the period decreased RM44 million or 59% to RM30 million. Excluding the non recurring income of RM68 million from project consultancy services recognised in the prior quarter, the PBT and profit for the period represent RM16 million or 76% and RM24 million or 400% increase over the underlying results of the prior quarter.

#### Indonesian Operations

The delay in the commercial launch of the 2G and 3G services in Indonesia continues. The loss for the period was RM45 million, higher by RM24 million or 114% from the preceding quarter which recorded a one-off RM35 million reversal of 3G spectrum related costs. The continuing start up losses reflects the initial phase of the Indonesian operations.



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15. REVIEW OF PERFORMANCE (Continued)

(B) Performance of the current year to-date against the preceding year to-date (1<sup>st</sup> Quarter 2007 versus 1<sup>st</sup> Quarter 2006)

<b>Financial indicators</b>	<b>1<sup>st</sup> Quarter 2007 (Unaudited)</b>	<b>1<sup>st</sup> Quarter 2006 (Unaudited)</b>	<b>Variance</b>	<b>% Variance</b>
<b><u>Financials – Group (RM'm)</u></b>				
Revenue	2,157	1,727	430	25%
EBITDA	1,082	933	149	16%
EBITDA margin (%)	50.2	54.0	(3.8)	-
Profit before tax (“PBT”)	765	707	58	8%
Profit for the period	546	490	56	11%
PATAMI	572	510	62	12%
<b><u>Financials – Malaysian Operations (RM'm)</u></b>				
Revenue	1,837	1,697	140	8%
EBITDA	1,017	957	60	6%
EBITDA margin (%)	55.4	56.4	(1)	-
PBT	773	733	40	5%
Profit for the period	561	519	42	8%
<b><u>Financials – Indian Operations (RM'm) <sup>(1)</sup></u></b>				
Revenue	320	29	291	>100%
EBITDA	102	13	89	>100%
EBITDA margin (%)	31.9	44.8	(12.9)	-
Share of result as an associate	-	11	(11)	(100%)
Contribution as a subsidiary	37	5	32	>100%
Total contribution to PBT	37	16	21	>100%
Profit for the period	30	13	17	>100%
<b><u>Financials – Indonesian Operations (RM'm)</u></b>				
Revenue	-	1	(1)	(100%)
EBITDA	(37)	(37)	(0)	-
Loss for the period	(45)	(42)	(3)	(7%)

**Note:**

<sup>(1)</sup> Represents Aircel acquired effective 21 March 2006.



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15. REVIEW OF PERFORMANCE (Continued)

(B) Performance of the current year to-date against the preceding year to-date (1<sup>st</sup> Quarter 2007 versus 1<sup>st</sup> Quarter 2006)

Operational indicators	1 <sup>st</sup> Quarter 2007	1 <sup>st</sup> Quarter 2006	Variance	% Variance
<b><u>Operational indicators - Group</u></b>				
Net subscribers (' 000)				
- Postpaid	2,291	1,905	386	20%
- Prepaid	11,756	8,924	2,832	32%
- Total	14,047	10,829	3,218	30%
<b><u>Operational indicators - Malaysia</u></b>				
Net subscribers (' 000)				
- Postpaid	1,687	1,451	236	16%
- Prepaid	6,841	6,754	87	1%
- Total	8,528	8,205	323	4%
ARPU (RM)				
- Postpaid	128	137	(9)	(7%)
- Prepaid	51	48	3	6%
Monthly MOUs (minutes)				
- Postpaid	473	461	12	3%
- Prepaid	107	101	6	6%
Data Revenue (RM'm)	393	326 <sup>(2)</sup>	67	21%
SMS messages (' m)	6,759	4,402	2,357	54%
<b><u>Operational indicators – India <sup>(1)</sup></u></b>				
Net subscribers (' 000)				
- Postpaid	602	451	151	33%
- Prepaid	4,912	2,160	2,752	>100%
- Total	5,514	2,611	2,903	>100%
ARPU (RM)				
- Postpaid	51	46	5	11%
- Prepaid	23	10	13	>100%
<b><u>Operational indicators – Indonesia</u></b>				
Net subscribers (' 000)				
- Postpaid	2	3	(1)	(33%)
- Prepaid	3	10	(7)	(70%)
- Total	5	13	(8)	(62%)
ARPU (RM)				
- Postpaid	26	46	(20)	(43%)
- Prepaid	23	10	13	>100%

**Notes:**

<sup>(1)</sup> Represents Aircel acquired effective 21 March 2006.

<sup>(2)</sup> Certain data related services previously classified as voice revenue has been reclassified to data revenue to conform with current quarter's presentation.



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## 15. REVIEW OF PERFORMANCE (Continued)

### (B) Performance of the current year to-date against the preceding year to-date (1<sup>st</sup> Quarter 2007 versus 1<sup>st</sup> Quarter 2006) (Continued)

The Group revenue increased by RM430 million or 25%. The Indian operations was key to this increase with a contribution of RM320 million fully consolidated in the current quarter compared to RM29 million in the corresponding quarter (Aircel only became a subsidiary effective 21 March 2006). The Group's subscriber base increased by 3.2 million or 30%, with the Indian operations contributing 90% of the total additions.

Group EBITDA improved by 16% or RM149 million over the corresponding quarter following the strong revenue performance. The Indian operations was again the main contributor to this increase with its EBITDA of RM102 million fully consolidated by the Group in the current quarter compared to RM13 million, representing 11 days consolidation of results in the corresponding quarter. Group EBITDA margin decreased by 3.8% points to 50.2% due to the dilutive effect of the lower margin of the Indian operations as its contribution to the Group increases.

The Group PBT of RM765 million increased by RM58 million or 8% over the corresponding quarter due to strong contribution from the Malaysian and Indian operations.

#### Malaysian Operations

##### Revenue

Revenue increased by RM140 million or 8% over the corresponding quarter on the back of higher subscriber base. Mobile subscriber growth of 4% or 323,000 is made up of the postpaid growth of 16% or 236,000 subscribers and prepaid growth of 1% or 87,000 subscribers. Total subscriber base now stands at 8,528,000.

Data revenue increased by RM67 million or 21% over the corresponding quarter supported by higher SMS revenue of RM46 million and improved take up for advanced data services. Data revenue as a percentage of mobile revenue improved 2.5% points compared to the corresponding quarter.

##### EBITDA and EBITDA margin

EBITDA increased by RM60 million or 6%, as a result of the improved revenue performance. However, the increase in direct and operating costs resulted in the EBITDA margin declining 1% point to 55.4%.

##### PBT and profit for the year

PBT improved by RM40 million or 5% mainly due to higher EBITDA. Profit for the period increased by RM42 million or 8%.



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## **15. REVIEW OF PERFORMANCE (Continued)**

### **(B) Performance of the current year to-date against the preceding year to-date (1<sup>st</sup> Quarter 2007 versus 1<sup>st</sup> Quarter 2006) (continued)**

#### **Indian Operations**

In the current quarter, a full quarter's consolidation of results led to the Indian operations contributing RM320 million and RM102 million, representing 15% and 9% of the Group revenue and EBITDA respectively. The corresponding quarter's results only reflect a 26% associate equity accounting from 6 January 2006 to 20 March 2006 (74 days) and consolidated as a subsidiary from 21 March 2006.

With operations in 9 circles, the net subscriber base grew by 2.9 million to reach 5.5 million at the end of the current quarter. Aircel retained its market leadership with market share of 26% and 29% in Chennai and Tamil Nadu respectively despite facing stiff competition.

#### **Indonesian Operations**

Loss for the period increased marginally by RM3 million to RM45 million in the current quarter due to start-up costs incurred to sustain the current operations and support the network roll-out.

## **16. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007**

The business in Malaysia is facing increased competition and challenges, more so that new players will be entering the industry. Nonetheless, Maxis will continue to strengthen its market position by expanding its reach in terms of network, branding and product proposition while at the same time ensuring that the cost structure is optimised.

The Indian business continues to strengthen its position in terms of subscriber numbers and revenue. Aircel is expected to expand its network at a brisk pace and improve its brand visibility. Heavy infrastructure investment will require increased borrowing and as a consequence, operating results will reflect higher interest and depreciation charges, and start-up losses.

The mobile sector in Indonesia still offers high growth prospect with its population of 226 million and a mobile penetration rate of only 33% as at end first quarter 2007. With the recent increased equity stake in the Indonesian venture to 95%, Maxis will be able to capitalise on the growth potential via a revamped business plan and network roll-out. Indonesia will require significant investments to support the proposed accelerated roll-out. It is the intention of the Company to invite a strategic partner into the business.

Barring any unforeseen circumstances, the Board of Directors expects the Group to achieve continuing satisfactory growth for the financial year ending 31 December 2007. The Group's earnings and borrowings will reflect the investment phase. However, in light of future cash requirements, the dividend policy will be kept under review.

## **17. PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable as the Group did not submit any profit forecast.



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**18. TAX EXPENSES**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2007	QUARTER ENDED 31/3/2006	QUARTER ENDED 31/3/2007	QUARTER ENDED 31/3/2006
	RM' m	RM' m	RM' m	RM' m
Current tax:				
Malaysia – current year	182	176	182	176
Overseas – current year	10	-	10	-
	192	176	192	176
Deferred tax:				
-- current year	27	41	27	41
<b>Total</b>	<b>219</b>	<b>217</b>	<b>219</b>	<b>217</b>

The Group's effective tax rate for the current quarter is 28.6%, which is above the statutory tax rate of 27% mainly due to losses incurred by certain subsidiaries where group relief is not available and non-deductibility of certain operating expenditure for tax purposes offset by lower tax rate for foreign companies and utilisation of allowance from tax incentive.

**19. PROFIT/(LOSS) ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There were no sales of unquoted investments and/or properties for the quarter ended 31 March 2007.

**20. INVESTMENTS IN QUOTED SECURITIES**

There were no investments in quoted securities for the quarter ended 31 March 2007.

**21. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

**(a) Proposed RM500 million Commercial Paper/Medium Term Note Programme and Proposed RM500 million Medium Term Note Programme (collectively, the "Proposed Programmes")**

The Company has on 8 March 2007 entered into the subscription agreements with HSBC Bank Malaysia Berhad and CIMB Investment Bank Berhad (formerly known as Commerce International Merchant Bankers Berhad) in relation to the issuance of RM500 million nominal value 5-year commercial papers/medium term notes programme and RM500 million nominal value 10-year medium term notes programme (collectively the "Notes"). The Notes were issued on 19 March 2007. The funds raised will enable the Company and its Malaysian subsidiaries to refinance existing debt, finance capital expenditure and utilise for general funding requirements.

As at 17 May 2007, RM189.9 million and RM755.2 million of the proceeds arising from the issuance of RM500.0 million Medium Term Notes under the Commercial Paper and Medium Term Notes Programme and RM500.0 million Medium Term Notes under the Medium Term Notes Programme have been utilised for general funding requirements and general corporate purposes of the Malaysian Operations and refinance the existing debt respectively.



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**21. STATUS OF CORPORATE PROPOSALS ANNOUNCED (Continued)**

- (b) Proposed acquisition by Althem B.V., a wholly owned subsidiary of Maxis, of 1,261,573,820 ordinary shares of Rp500 each in PT Natrindo Telepon Seluler ("NTS") representing 44% of the existing issued and paid-up share capital of NTS from Penta Investment Limited for a cash consideration of USD123.92 million ("Proposed Acquisition")

The Proposed Acquisition was completed on 27 April 2007.

As part of the above transaction, Teleglobal Investments BV ("Teleglobal"), a wholly owned subsidiary of Maxis, had granted a put option to PT Aneka Tirta Nusa ("Tirta"), to sell 143,360,661 NTS shares representing 5% of the existing issued and paid-up share capital of NTS ("Tirta Block"). Concurrently, Tirta had granted Teleglobal a call option over the Tirta Block. Upon exercise of the put or call option, Teleglobal will identify an Indonesian entity to purchase the Tirta Block. The purchase and transfer of the Tirta Block is subject to applicable Indonesian regulatory approvals. The options have not been exercised.

Save as disclosed above, there are no other disclosures that are required to be made as at 17 May 2007.

**22. BORROWINGS**

The borrowings as at 31 March 2007 are as follows:

	<u>CURRENT LIABILITIES</u>	<u>NON-CURRENT LIABILITIES</u>	<u>TOTAL</u>
	RM' m	RM' m	RM' m
<b><u>Secured</u></b>			
Finance lease liabilities	2	8	10
Non-convertible debentures	13	7	20
Term loans	594	391	985
	<u>609</u>	<u>406</u>	<u>1,015</u>
<b><u>Unsecured</u></b>			
Syndicated loans <sup>(1)</sup>	152	606	758
Bridging loan	1,870	-	1,870
Commercial papers & medium term notes	-	999	999
	<u>2,022</u>	<u>1,605</u>	<u>3,627</u>
Total	<u>2,631</u>	<u>2,011</u>	<u>4,642</u>
Currency exposure profiles of borrowings are as follows:			
RM (Ringgit Malaysia)	2	1,007	1,009
USD (United States Dollar)	2,022	606	2,628
INR (Indian Rupees)	607	398	1,005
	<u>2,631</u>	<u>2,011</u>	<u>4,642</u>

Note <sup>(1)</sup> Refer to Note 23 (ii) and (iii) of the explanatory notes below for further information.



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## **23. FINANCIAL INSTRUMENTS**

Under the Group's policy, Maxis' practice is to hedge all known material foreign currency commitments arising from trade transactions. Maxis' non-trade currency exposures will be hedged as and when deemed necessary.

### **(i) Foreign currency forward contracts**

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability 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.

### **(ii) Interest rate swap**

The Company entered into an interest rate swap to hedge against fluctuations in the US-LIBOR on its USD100 million syndicated loan from 31 October 2005 to 7 February 2010. The effect of this transaction obliges it to pay weighted average fixed interest rate of 4.63% per annum in exchange for US-LIBOR on the notional amount of USD100 million on a quarterly basis.

### **(iii) Cross currency interest rate swap**

The Company entered into an amortising cross currency interest rate swap ("CCIRS") to hedge against fluctuations in the USD/RM exchange rate on its USD160 million syndicated loan from 16 February 2005 to 16 May 2007, upon which the Company will pay Ringgit in exchange of receiving USD at a pre-determined exchange rate of RM3.80 to USD1.00 and will pay KLIBOR in exchange for receiving LIBOR on the amortising outstanding principal amounts. The principal exchange occurs semi-annually in accordance with the scheduled repayment of the USD160 million syndicated loan. As at 17 May 2007, the above CCIRS has been fully settled following the final repayment and full settlement of the USD160 million syndicated loan.

## **24. CHANGES IN MATERIAL LITIGATION**

There has been no material change in the status of the reported material litigation as at 17 May 2007 that would have a material adverse impact to the Group.

## **25. DIVIDENDS**

No dividend has been proposed or declared for the 1<sup>st</sup> quarter ended 31 March 2007.



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**26. EARNINGS PER SHARE**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 31/3/2007	QUARTER ENDED 31/3/2006	QUARTER ENDED 31/3/2007	QUARTER ENDED 31/3/2006
<b>(a) Basic earnings per share</b>					
Profit attributable to the equity holders of the Company	(RM' m)	572	510	572	510
Weighted average number of ordinary shares	(' m)	2,526	2,501	2,526	2,501
Basic earnings per share	(sen)	22.6	20.4	22.6	20.4
<b>(b) Diluted earnings per share</b>					
Profit attributable to the equity holders of the Company	(RM' m)	572	510	572	510
Weighted average number of ordinary shares	(' m)	2,526	2,501	2,526	2,501
Adjusted for share options granted	(' m)	35	11	35	11
Adjusted weighted average number of ordinary shares for diluted earnings per share	(' m)	2,561	2,512	2,561	2,512
Diluted earnings per share	(sen)	22.3	20.3	22.3	20.3

As at 31 March 2007, 102,795,578 share options have been granted and remained unexercised pursuant to the ESOS.

By order of the Board

Dipak Kaur  
(LS 5204)  
Company Secretary  
23 May 2007  
Kuala Lumpur