



ASTRO ALL ASIA NETWORKS plc

(Incorporated in England and Wales under the United Kingdom Companies Act 1985 – No. 4841085)
(Registered as a foreign company in Malaysia under the Companies Act 1965 – No. 994178-M)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JULY 2004

ANNOUNCEMENT

The Board of Directors of ASTRO ALL ASIA NETWORKS plc (“ASTRO” or “the Company”) is pleased to announce the following unaudited consolidated results for the second quarter ended 31 July 2004 which should be read in conjunction with the non-statutory IFRS financial information and the audited statutory financial statements presented for the financial year ended 31 January 2004. (Note : Information on the Company and its subsidiaries (“the Group”) relating to individual and cumulative quarter ended 31 July 2003 has been presented on a proforma basis for purposes of comparison.)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED	QUARTER ENDED	SIX MTHS ENDED	SIX MTHS ENDED
		31/07/2004	31/07/2003	31/07/2004	31/07/2003
		Actual	Proforma	Actual	Proforma
		RM'm	RM'm	RM'm	RM'm
Revenue	8	423.5	339.1	814.5	649.5
Cost of sales		(234.3)	(255.6)	(496.1)	(483.3)
Gross profit		189.2	83.5	318.4	166.2
Other operating income					
- Gain on dispute settlement		-	13.0	-	23.1
- Other income		1.6	1.2	2.6	2.7
Marketing and distribution costs		(32.7)	(36.3)	(63.0)	(63.0)
Administrative expenses		(64.3)	(37.9)	(108.4)	(78.0)
Profit from operations	8	93.8	23.5	149.6	51.0
Finance costs (net)		(38.2)	(36.1)	(53.7)	(75.4)
<u>Results from investment in associates :</u>					
- Share of results before tax		0.2	0.1	0.1	0.1
- Amortisation of goodwill		(1.0)	(0.5)	(2.0)	(1.1)
Losses from investment in associates		(0.8)	(0.4)	(1.9)	(1.0)
Profit/(loss) from ordinary activities before taxation ⁽¹⁾		54.8	(13.0)	94.0	(25.4)
Taxation	15	(21.4)	(4.7)	(40.9)	(5.8)
Profit/(loss) from ordinary activities after taxation		33.4	(17.7)	53.1	(31.2)
Minority interest		-	-	-	-
Net profit/(loss)		33.4	(17.7)	53.1	(31.2)



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UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS (continued)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED	QUARTER ENDED	SIX MTHS ENDED	SIX MTHS ENDED
		31/07/2004 Actual	31/07/2003 Proforma	31/07/2004 Actual	31/07/2003 Proforma
Earnings/(loss) per share:	26	Sen	Sen	Sen	Sen
- Basic		1.74	(1.49)	2.77	(2.63)
- Diluted*		1.74	**	2.76	**

(*) The diluted earnings per share is calculated based on the dilutive effects of options granted over 29,751,000 ordinary shares under the Employee Share Option Scheme (“ESOS”).

(**) There is no diluted loss per share for the individual and cumulative quarter ended 31 July 2003 as there are no dilutive potential ordinary shares.

Note

⁽¹⁾ The profit/(loss) from ordinary activities before taxation has been arrived at after charging:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	SIX MTHS ENDED	SIX MTHS ENDED
	31/07/2004 Actual	31/07/2003 Proforma	31/07/2004 Actual	31/07/2003 Proforma
Depreciation of property, plant and equipment	RM'm	RM'm	RM'm	RM'm
	19.4	22.5	38.9	49.3
Amortisation of film library and programme rights	33.5	19.0	58.7	32.5
Amortisation of other intangible assets – software costs	1.1	1.4	2.2	3.0
Impairment of property, plant and equipment	0.8	-	0.8	-
Impairment of other intangible assets – software costs	-	-	0.4	-



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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

		AS AT 31/07/2004 <u>Actual</u> RM'm	AS AT 31/01/2004 <u>Actual</u> RM'm
	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	9	306.8	339.0
Associates ⁽¹⁾		20.7	22.6
Deferred tax assets		571.7	602.8
Film library and programme rights		275.8	280.4
Other intangible assets ⁽²⁾		78.8	58.1
		<u>1,253.8</u>	<u>1,302.9</u>
CURRENT ASSETS			
Inventories		45.3	36.7
Receivables and prepayments		279.5	270.4
Tax recoverable		7.5	7.5
Deposits, cash and bank balances		1,142.0	1,740.3
		<u>1,474.3</u>	<u>2,054.9</u>
CURRENT LIABILITIES			
Borrowings (interest bearing)	19	28.5	281.4
Payables		641.6	668.7
Provision for liabilities and charges		-	5.0
Tax liabilities		2.8	1.4
		<u>672.9</u>	<u>956.5</u>
NET CURRENT ASSETS		<u>801.4</u>	<u>1,098.4</u>
NON-CURRENT LIABILITIES			
Borrowings (interest bearing)	19	554.9	949.4
Payables		28.1	39.7
Deferred tax liabilities		25.6	17.6
		<u>608.6</u>	<u>1,006.7</u>
NET ASSETS		<u>1,446.6</u>	<u>1,394.6</u>
CAPITAL AND RESERVES			
Share capital		1,189.5	1,189.5
Share premium		2,108.1	2,108.1
Merger reserves		518.4	518.4
Exchange reserves		0.3	1.4
Accumulated losses		(2,369.7)	(2,422.8)
		<u>1,446.6</u>	<u>1,394.6</u>
NET TANGIBLE ASSETS PER SHARE (RM)⁽³⁾		0.56	0.54

Notes:

⁽¹⁾ Associates include goodwill on acquisition of an associate with net book value of RM15.7 m (31/01/2004: RM17.7m).

⁽²⁾ Other intangible assets include software costs, management rights, prepayments and goodwill on consolidation with net book value of RM37.2m, RM2.8m, RM38.5m and RM0.3m (31/01/2004: RM10.6m, RM2.8m, RM44.3m and RM0.4m) respectively.

⁽³⁾ Net tangible assets represent net assets less other intangible assets, film library and programme rights and goodwill included in investment in associates. Net assets of the Group of RM1,446.6m (31/01/2004: RM1,394.6m) are stated after deducting total set-top box and receiving equipment subsidies to-date of RM1,245.0m (31/01/2004: RM1,129.1m).



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JULY 2004

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 31/07/2004 Actual	Issued and fully paid ordinary shares of £0.10 each		Non-distributable			Accumulated losses	Total
	Number of shares	Nominal value	Share premium	Merger reserves	Exchange reserves		
	Million	RM'm	RM'm	RM'm	RM'm		
As at 1 February 2004	1,918.7	1,189.5	2,108.1	518.4	1.4	(2,422.8)	1,394.6
Foreign exchange differences	-	-	-	-	(1.1)	-	(1.1)
Net profit for the period	-	-	-	-	-	53.1	53.1
Balance as at 31 July 2004	1,918.7	1,189.5	2,108.1	518.4	0.3	(2,369.7)	1,446.6

Six months ended 31/07/2003 Proforma	Issued and fully paid ordinary shares of £0.10 each		Non-distributable			Accumulated losses	Total
	Number of shares	Nominal Value	RCPS (equity component)	Merger reserves	Exchange reserves		
	Million	RM'm	RM'm	RM'm	RM'm		
As at 1 February 2003 as if the Company was incorporated on 1 February 2003	1,185.5	724.4	17.2	518.4	(0.1)	(2,445.1)	(1,185.2)
Net loss for the period	-	-	-	-	-	(31.2)	(31.2)
Balance as at 31 July 2003	1,185.5	724.4	17.2	518.4	(0.1)	(2,476.3)	(1,216.4)



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JULY 2004

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	CUMULATIVE QUARTER	
	SIX MTHS ENDED 31/07/2004 Actual	SIX MTHS ENDED 31/07/2003 Proforma
	RM'm	RM'm
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss)	53.1	(31.2)
Contra arrangements – revenue	(2.8)	(3.2)
Amortisation of film library and programme rights	58.7	32.5
Amortisation of other intangible assets – software costs	2.2	3.0
Depreciation of property, plant and equipment	38.9	49.3
Gain on disposal of property, plant and equipment	(0.2)	(0.1)
Loss on disposal of other intangible assets – software costs	-	0.1
Impairment of other intangible assets – software costs	0.4	-
Impairment of property, plant and equipment	0.8	-
Interest income	(19.9)	(2.8)
Interest expense	39.8	52.1
Interest on early redemption of Bonds	23.4	-
Accretion of RCPS yield	-	20.3
Taxation	40.9	5.8
Losses from investment in associates	1.9	1.0
Unrealised foreign exchange loss/(gain)	0.1	(0.4)
	237.3	126.4
Changes in working capital:		
Film library and programme rights	(50.8)	(62.6)
Inventories	(8.6)	13.9
Receivables and prepayments	(8.1)	(25.8)
Payables	(36.7)	(0.9)
Provision for liabilities and charges	(5.0)	(29.7)
	128.1	21.3
Income tax paid	(0.4)	(0.2)
Interest received	20.3	3.0
	148.0	24.1
Net cash flow from operating activities	148.0	24.1



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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (continued)

	CUMULATIVE QUARTER	
	SIX MTHS ENDED 31/07/2004 Actual	SIX MTHS ENDED 31/07/2003 Proforma
	RM'm	RM'm
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of remaining interest of a subsidiary		(0.4)
Investment in associates	-	(9.4)
Purchase of property, plant and equipment	(19.9)	(18.0)
Acquisition of intangibles	(16.6)	(1.0)
Proceeds from disposal of property, plant and equipment	0.3	0.4
	<hr/>	<hr/>
Net cash flow from investing activities	(36.2)	(28.4)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(33.8)	(30.4)
Interest paid on early redemption of Bonds	(23.4)	-
Proceeds from borrowings	0.4	24.7
Receipts of corporate advances	-	32.8
Repayment of finance lease liabilities	(13.1)	(11.9)
Repayment of borrowings	(640.3)	(17.8)
	<hr/>	<hr/>
Net cash flow from financing activities	(710.2)	(2.6)
	<hr/>	<hr/>
Net effect of currency translation on cash and cash equivalents	0.1	(0.1)
	<hr/>	<hr/>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(598.3)	(7.0)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,740.3	238.8
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,142.0	231.8
	<hr/>	<hr/>



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JULY 2004

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MASB STANDARD 26, PARAGRAPH 16

1. BASIS OF PREPARATION

The quarterly report has been prepared in accordance with the reporting requirements as set out in Malaysian Accounting Standards Board (“MASB”) Standard No. 26 – “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements and should be read in conjunction with the non-statutory IFRS financial information and the audited statutory financial statements presented for the financial year ended 31 January 2004.

The accounting policies used by the Group in the quarterly report comply with the principles of the International Financial Reporting Standards (“IFRS”) adopted by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The quarterly report has been prepared based on the accounting policies and methods of computation consistent with those adopted in the preparation of the non-statutory IFRS financial information which was presented in conjunction with the audited statutory financial statements for the financial year ended 31 January 2004. The non-statutory IFRS financial information has been presented for consistency and comparability of financial information presented previously in the prospectus dated 1 October 2003 and previous quarterly reports.

As ASTRO was incorporated under the United Kingdom Companies Act, 1985, ASTRO is required to prepare and present audited financial statements in accordance with the United Kingdom Companies Act, 1985 and applicable accounting standards in the United Kingdom (“UK GAAP”). Accordingly, the audited statutory financial statements for the financial year ended 31 January 2004 have been prepared under UK GAAP.

On 20 September 2003, as part of the restructuring under the listing exercise, ASTRO acquired the entire share capital of AAAN (Bermuda) Limited (formerly known as ASTRO ALL ASIA NETWORKS Limited). The business combination of ASTRO and AAAN (Bermuda) Limited is accounted for using the principle of uniting of interests (merger accounting). As such, certain comparatives for the consolidated financial results of ASTRO and its subsidiaries (“the Group”) which includes the period prior to the incorporation of ASTRO, have been presented on proforma basis for illustrative purposes to show the financial results of the Group as if the Group had been in existence throughout the entire period commencing 1 February 2003.

A reconciliation to amounts prepared in accordance with the Malaysian Generally Accepted Accounting Practice and UK GAAP is disclosed in Note 27.

2. QUALIFICATION OF PRECEDING ANNUAL AUDITED STATUTORY FINANCIAL STATEMENTS

There was no qualification to the preceding annual audited statutory financial statements.

3. SEASONAL / CYCLICAL FACTORS

The principal periods which are significantly affected by seasonality and cyclical factors for the Group are the 1st and 4th quarters.



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PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MASB STANDARD 26, PARAGRAPH 16

4. UNUSUAL ITEMS

In the quarter under review, the profit from ordinary activities before taxation has been adversely impacted by net RM21.4m made up of the following one-time and non-recurring items:

- Cost of sales - RM17.2m write-back of accrued interest charges on lease payments for the All Asia Broadcast Centre site, based on the new agreement signed in July 2004.
- Administrative expenses - accruals for one-time and non-recurring operating expenses amounting to RM15.2m.
- Finance costs - RM23.4m interest payable on the early redemption of RM350m of Bonds as disclosed in Note 6.

5. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There were no significant changes in estimates of amounts reported in the prior interim period of the current financial year or in the prior financial year.

6. MOVEMENTS IN DEBT/EQUITY SECURITIES

<u>DATE</u>	<u>NATURE OF DEBT/EQUITY SECURITY</u>	<u>NUMBER OF SHARES</u>	<u>PAR VALUE</u>	<u>ISSUED</u>	<u>REDEEMED / CONVERTED / REPAID</u>
		Million		RM'm	RM'm
Private debt securities ("PDS")					
14/06/2004	Repayment of medium term notes*	-	-	-	220.0
15/06/2004	Early redemption of Bonds**	-	-	-	350.0

Notes:

(*) RM220 million medium term notes were settled on the maturity date of 14 June 2004.

(**) MEASAT Broadcast Network Systems Sdn Bhd ("MBNS"), a wholly-owned subsidiary of ASTRO, proposed the early redemption of RM350 million of Bonds together with a RM23.4 million interest payable for this early redemption. The bondholders accepted the proposal at an extraordinary general meeting held on 8 June 2004 which was then approved by the Securities Commission on the same date. The amounts were paid on 15 June 2004.

Other than as disclosed above, there are no issuances, cancellation, repurchases, resale and repayment of debt and equity securities during the quarter under review.



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PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MASB STANDARD 26, PARAGRAPH 16

7. DIVIDENDS PAID

There were no dividends paid during the current quarter.

8. SEGMENT RESULTS AND REPORTING

The Group is organised in the following business segments:

- Multi channel television – provides multi channel Direct-to-Home subscription television and related interactive television services.
- Radio – provides radio broadcasting services.
- Celestial – the ownership of a Chinese filmed entertainment library and the aggregation and distribution of the library and related content.
- Others – a magazine publishing business; interactive content business for the mobile telephony platform; Malaysian film production business; talent management; creation of animation content; ownership of buildings and investment holding companies.

Inter-segment revenue represents transfer between segments and is eliminated on consolidation. These transfers are accounted for in the segments at estimated competitive market prices that would be charged to unaffiliated customers for similar goods and services.



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PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MASB STANDARD 26, PARAGRAPH 16

8. SEGMENT RESULTS AND REPORTING (continued)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/07/04 Actual RM'm	QUARTER ENDED 31/07/03 Proforma RM'm	SIX MTHS ENDED 31/07/04 Actual RM'm	SIX MTHS ENDED 31/07/03 Proforma RM'm
<u>Revenue</u>				
<u>Multi channel television</u>				
External revenue	377.0	304.1	727.8	585.6
Inter-segment revenue	-	-	0.1	-
Multi channel television revenue	377.0	304.1	727.9	585.6
<u>Radio</u>				
External revenue	29.9	25.4	56.7	45.5
Inter-segment revenue	0.9	1.0	1.5	1.9
Radio revenue	30.8	26.4	58.2	47.4
<u>Celestial</u>				
External revenue	11.9	5.7	19.0	11.1
Inter-segment revenue	2.0	2.4	4.4	3.1
Celestial revenue	13.9	8.1	23.4	14.2
<u>Others</u>				
External revenue	4.7	3.9	11.0	7.3
Inter-segment revenue	23.2	8.2	46.7	16.5
Others revenue	27.9	12.1	57.7	23.8
Total reportable segments	449.6	350.7	867.2	671.0
Eliminations	(26.1)	(11.6)	(52.7)	(21.5)
Total group revenue	423.5	339.1	814.5	649.5
<u>Profit from operations by segment</u>				
Multi channel television	102.6	27.4	170.6	66.0
Radio	12.9	13.8	22.4	20.6
Celestial	(14.4)	(15.9)	(30.7)	(29.7)
Others	(2.1)	4.6	(1.8)	6.1
Inter-segment eliminations	(5.2)	(6.4)	(10.9)	(12.0)
Profit from operations	93.8	23.5	149.6	51.0



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PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MASB STANDARD 26, PARAGRAPH 16

9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the current quarter. As at 31 July 2004, all property, plant and equipment were stated at cost less accumulated depreciation.

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

Option to subscribe for up to 25% of the enlarged issued and paid-up capital of Advanced Wireless Technologies Sdn Bhd (“AWT”), a wholly-owned subsidiary of Maxis Communications Berhad (“Maxis”)

On 25 May 2004, MBNS Multimedia Technologies Sdn Bhd (“MMT”), a wholly-owned subsidiary of the Group, exercised an option to subscribe at par for 25% of the enlarged issued and paid-up capital of AWT (“Option”). The completion of the Option is subject to certain terms and conditions and on completion, MMT will subscribe for 833,334 ordinary shares of RM1.00 each in AWT for a total subscription price of RM833,334 in cash which will result in AWT becoming an associate of the Group. Following the completion of the Option, MMT is required to contribute RM25 million as its share of equity capitalisation of UMTS (Malaysia) Sdn Bhd (“UMTS”), a wholly-owned subsidiary of AWT. UMTS was awarded the third generation digital wireless communications systems (“3G”) Spectrum Assignment for 15 years commencing from 2 April 2003 by the Malaysian Communications and Multimedia Commission (“MCMC”) and has a RM100 million capitalisation requirement by MCMC.

On 19 August 2004, MMT completed the exercise of the Option with the payment of subscription monies totalling RM833,334 to AWT for the issuance and allotment of 833,334 ordinary shares of RM1.00 each, representing 25% of the enlarged issued and paid-up share capital of AWT.

Maxis, AWT and MMT have on 23 August 2004 finalised and agreed to the terms of the shareholders’ agreement which was executed on 25 August 2004. The shareholders’ agreement is to give effect to the parties’ intentions and to regulate their relationship as shareholders of AWT and the conduct of business and affairs of AWT and UMTS.

Other than as disclosed above, there were no material subsequent events as at 10 September 2004.

11. CHANGES IN THE COMPOSITION OF THE GROUP

Acquisition of a subsidiary

Acquisition of Celestial Media Limited (“CML”)

On 21 July 2004, Celestial Pictures Limited, a subsidiary of the Group, acquired the beneficial interests over 200,000 ordinary shares of HK\$1 each representing the entire issued share capital of CML, a company incorporated in Hong Kong.

Other than as disclosed above, there have been no other significant changes in the composition of the Group in the current quarter.



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PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MASB STANDARD 26, PARAGRAPH 16

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent liabilities

As at 31 July 2004, the Group has provided guarantees to third parties amounting to RM1.6m in respect of licence fees payable by third parties.

(b) Contingent assets

There were no contingent assets as at 31 July 2004.

13. COMMITMENTS

As at 31 July 2004, the Group has the following known commitments:

	Authorised and		Total
	Contracted for	Not contracted for	
	RM'm	RM'm	RM'm
Property, plant and equipment	11.6	87.7	99.3
Investment in and advances to associates	43.9	-	43.9
Film library and programme rights	54.9	86.2	141.1
Non-cancellable operating lease	31.5	-	31.5
	141.9	173.9	315.8



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14. SIGNIFICANT RELATED PARTY DISCLOSURES

The Group has entered into a variety of related party transactions with companies directly or indirectly controlled by or associated with Usaha Tegas Sdn Bhd (“UTSB”) as well as companies or entities directly or indirectly controlled by or associated with Ananda Krishnan Tatparanandam or in which he is deemed to have an interest, both of whom are deemed substantial shareholders of the Company. UTSB is ultimately controlled by the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam and foundations including those for charitable purposes.

The principal company associated with UTSB is Maxis Communications Berhad. MAI Holdings Sdn Bhd is ultimately controlled by Ananda Krishnan Tatparanandam.

Related parties

Maxis Mobile Sdn Bhd
Maxis Broadband Sdn Bhd
UTSB Management Sdn Bhd
All Asia Radio Technologies Sdn Bhd
Binariang Satellite Systems Sdn Bhd

Relationship

Subsidiary of Maxis Communications Berhad
Subsidiary of Maxis Communications Berhad
Subsidiary of Usaha Tegas Sdn Bhd
Associate of Usaha Tegas Sdn Bhd
Subsidiary of MAI Holdings Sdn Bhd

In addition to significant related party transactions disclosed elsewhere in this report, the following significant transactions were carried out with the following related parties:

	TRANSACTIONS FOR THE CUMULATIVE SIX MTHS ENDED 31/07/04 Actual RM'm	AMOUNTS (*) DUE FROM/(TO) AS AT 31/07/04 Actual RM'm
(a) Sales of goods and services		
Multimedia and interactive sales to: Maxis Mobile Sdn Bhd	2.1	0.5
(b) Purchases of goods and services		
Personnel and strategic consultancy services from: UTSB Management Sdn Bhd	4.3	(2.5)
Marketing, programming and other management services from: All Asia Radio Technologies Sdn Bhd	4.8	(4.8)
Telecommunication services from: Maxis Broadband Sdn Bhd	2.7	(2.7)
Expenses related to finance lease: Binariang Satellite Systems Sdn Bhd	9.5	(9.5)

Note: (*) Represents amounts outstanding on transactions entered into during the six months ended 31 July 2004.



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15. TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/07/04 Actual RM'm	QUARTER ENDED 31/07/03 Proforma RM'm	SIX MTHS ENDED 31/07/04 Actual RM'm	SIX MTHS ENDED 31/07/03 Proforma RM'm
Current tax	1.6	0.1	1.8	0.2
Deferred tax	19.8	4.6	39.1	5.6
	21.4	4.7	40.9	5.8

The Group's effective tax rate for the quarter under review ended 31 July 2004 of 39.0% is higher than the Malaysian statutory tax rate of 28%, mainly due to losses in foreign subsidiaries and certain Malaysian subsidiaries not available for relief at Group level and non-deductibility of certain items for tax purposes. The total taxation of RM21.4m includes a net reversal of RM19.8m of the Group's deferred tax assets, leaving RM571.7m as the Group's deferred tax asset balance.

16. PROFIT/(LOSS) ON SALES OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments and/or properties during the quarter.

17. QUOTED SECURITIES

There were no quoted securities acquired or disposed during the quarter.

18. STATUS OF CORPORATE PROPOSALS ANNOUNCED

(a) Status of corporate proposal announced during the quarter

Other than as disclosed in Note 10, there were no incomplete corporate proposals as at 10 September 2004.



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18. STATUS OF CORPORATE PROPOSALS ANNOUNCED (continued)

(b) Status of utilisation of proceeds raised from the Initial Public Offering

The status of the utilisation of the proceeds as at 10 September 2004 from the Initial Public Offering (“IPO”) is as follows:

	<u>Proposed utilisation of IPO proceeds (*)</u>	<u>Utilised to date</u>	<u>Amounts outstanding</u>
	RM'm	RM'm	RM'm
Repayment of a private debt securities facility (**)	632.4	(632.4)	-
Repayment of a foreign export credit agency structured trade (“ECA”) facility	77.1	(77.1)	-
Repayment of bearer promissory notes (***)	74.4	(74.4)	-
Part repayment of a syndicated term loan facility	551.0	(551.0)	-
Payment for equity in associate, TVBPH	19.0	-	19.0
Listing expenses	110.4	(102.6)	7.8
Working capital / general corporate purposes (**)	565.6	(80.9)	484.7
	<u>2,029.9</u>	<u>(1,518.4)</u>	<u>511.5</u>

Note:

(*) Estimated utilisation as set out in ASTRO’s prospectus dated 1 October 2003 adjusted for the final retail price of RM3.65 per share (being 90% of the final institution price of RM4.06 per share which was fixed on 11 October 2003).

(**) Following the full repayment of the private debt securities facility (see Note 6), the balance of RM29.4 million remaining on the proposed utilisation of the IPO proceeds for the repayment of private debt securities facility has been transferred for working capital / general corporate purposes.

(***) On 29 October 2003, the bearer promissory notes were redeemed via the issuance of bearer bills of exchange by the Company. The bearer bills of exchange were repaid on 14 November 2003 from the IPO proceeds.



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19. GROUP BORROWINGS AND DEBT SECURITIES

The amounts of Group borrowings and debt securities as at 31 July 2004 are as follows:

	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
	RM'm	RM'm	RM'm
<u>Secured</u>			
Bank loan ¹	0.4	-	0.4
BPI Facilities ²	-	44.9	44.9
USD term loan ³ – USD114.7m	-	435.9	435.9
Finance lease liabilities ⁴	28.1	74.1	102.2
	<u>28.5</u>	<u>554.9</u>	<u>583.4</u>

Notes:

- (1) A standby letter of credit has been provided as security for the bank loan.
- (2) All assets of MBNS and MEASAT Digicast Sdn Bhd (“Digicast”), subsidiaries of ASTRO, are pledged as security on a pari passu basis to the PDS, ECA and BPI Facilities. Following the repayment of the ECA and PDS Facilities on 7 June 2004 and 15 June 2004 respectively, steps are being undertaken to discharge the securities created under the ECA and PDS Facilities.

The rights, title, interest and benefits of MBNS for the following are also assigned to the BPI Facilities:

- (i) All Asia Broadcast Centre leased land.
 - (ii) Malaysia East Asia Satellite 1 (“M1”) transponder lease agreement with Binariang Satellite Systems Sdn Bhd (“BSS”), the transponder insurance and the broadcasters all risks policy.
 - (iii) Agreement for the supply of daughter smartcards and the Mediaguard system licence agreement, both with the Societe Europeene de Controle D’aces; and Mediahighway licence agreement with Canal+.
- (3) Certain assets of the Company are pledged as security for the USD term loan (USD114.7m). The USD term loan (USD114.7m) is also secured by the following:
 - (i) Corporate guarantees, debentures, assignment of bank accounts, legal and equitable share mortgages created by the Company and/or various subsidiaries of the Company.
 - (ii) As part of the security agreement and in accordance with the undertaking by MBNS, MBNS will become a guarantor and together with Digicast will create pari passu ranking of securities currently provided to the lenders of the BPI Facilities (as referred to in Note (2)), subject to fulfilment of certain conditions.
 - (4) The finance lease liabilities are effectively secured as the rights of the leased asset revert to the lessor in the event of default.
 - (5) On 23 June 2004, the Company mandated Citibank Malaysia (L) Limited as the Arranger and Underwriter for new syndicated facilities of USD300 million to refinance, prepay or reimburse the Company’s debts and to finance the general corporate purposes and working capital of the Company and its subsidiaries.

20. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no outstanding off balance sheet financial instruments as at 10 September 2004.



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21. CHANGES IN MATERIAL LITIGATION

There were no material litigation matters dealt with during the period or pending as at 10 September 2004.

22. REVIEW OF PERFORMANCE

(A) Performance of the current quarter (Second Quarter 2005) against the preceding quarter (First Quarter 2005)

	All amounts in RM million unless otherwise stated			
	FINANCIAL HIGHLIGHTS		KEY OPERATING INDICATORS	
	SECOND QUARTER 31/07/2004 Actual	FIRST QUARTER 30/04/2004 Actual	SECOND QUARTER 31/07/2004 Actual	FIRST QUARTER 30/04/2004 Actual
<u>Consolidated Performance</u>				
Total Revenue	423.5	391.1		
Subscriber Acquisition Costs (SAC) ²	71.2	83.7		
EBITDA ³	115.1	76.9		
EBITDA Margin (%)	27.2	19.7		
Profit after taxation	33.4	19.7		
Free Cash Flow ⁴	77.7	34.1		
Net (Decrease)/Increase in Cash	(607.7)	9.4		
Capital expenditure ⁵	26.0	10.4		
(i) <u>Multi channel TV(MC-TV)</u>¹				
Subscription revenue	334.2	316.5		
Advertising revenue	25.8	21.1		
Other revenue	17.0	13.4		
Total revenue	377.0	351.0		
SAC ²	71.2	83.7		
EBITDA ³	120.1	85.5		
EBITDA Margin (%)	31.9	24.4		
Capital expenditure ⁵	24.3	5.8		
Total subscriptions-net additions ('000)			54	58
Total subscriptions-end of period ('000)			1,505	1,451
Residential subscribers-net additions ('000)			47	56
Residential subscribers-end of period ('000)			1,386	1,339



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22. REVIEW OF PERFORMANCE (Continued)

(A) Performance of the current quarter (Second Quarter 2005) against the preceding quarter (First Quarter 2005)
(continued)

All amounts in RM million unless otherwise stated

	FINANCIAL HIGHLIGHTS		KEY OPERATING INDICATORS	
	SECOND QUARTER 31/07/2004 Actual	FIRST QUARTER 30/04/2004 Actual	SECOND QUARTER 31/07/2004 Actual	FIRST QUARTER 30/04/2004 Actual
(i) <u>Multi channel TV(MC-TV)</u>¹ (continued)				
ARPU – residential subscriber (RM)			81	79
Churn (%)			9.6	9.2
SAC per set-top box sold (RM)			744	763
Content cost (RM per subscriber per mth)			25	25
(ii) <u>Radio</u>¹				
Revenue	30.8	27.3		
EBITDA ³	13.4	10.0		
EBITDA Margin (%)	43.5	36.6		
Listeners ('000) ⁶			8,861	8,861
Share of radio adex (%) ⁷			75	74
(iii) <u>Celestial</u>¹				
Revenue	13.9	9.5		
EBITDA ³	(13.8)	(15.7)		
EBITDA Margin (%)	(99.3)	(165.3)		
Titles released for distribution			19	35
(iv) <u>Others</u>¹				
Magazines – average monthly circulation (includes ASTRO TV Guide) ('000)			1,449	1,385
Malaysian film production – theatrical release			1	1

Note:

1. Represents segment performance before inter-segment eliminations.
2. Subscriber acquisition cost is the average cost incurred in signing up a subscriber to the DTH multi-channel subscription service, including sales and marketing expenses and any subsidy offered on the set-top box and receiving equipment.
3. Earnings before interest, taxation, depreciation and amortisation (EBITDA) represents profit/(loss) from ordinary activities before net finance costs, taxation, impairment and depreciation of property, plant and equipment, amortisation of intangible assets such as software (but excluding amortisation of film library and programme rights which are expensed as part of cost of sales) and gain/(loss) from investment in associates.
4. Free cash flow represents the net cash flows arising from operating and investing activities of the Group.
5. Capital expenditure includes capitalised software costs.
6. Based on the Radio Listenership Survey Sweep 1, 2004 performed by NMR in April 2004.
7. Based on NMR Adex Report.



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22. REVIEW OF PERFORMANCE (continued)

(A) Performance of the current quarter (Second Quarter 2005) against the preceding quarter (First Quarter 2005) (continued)

Consolidated Performance

Turnover

For the 2nd quarter ended 31 July 2004 (2nd quarter 2005), the Group recorded consolidated revenues of RM423.5m which was RM32.4m or 8.3% higher than the RM391.1m recorded in the 1st quarter ended 30 April 2004 (1st quarter 2005). The increase was mainly contributed by higher subscription revenue from MC-TV segment which rose RM17.7m or 5.6% from 1st quarter 2005 due to the enlarged subscriber base and the price increase of RM5 implemented in late-May 2004. Advertising revenue also increased by RM8.1m compared to 1st quarter 2005, primarily from MC-TV and Radio segments. Celestial revenue also improved to RM13.9m, an increase of RM4.4m from RM9.5m in 1st quarter 2005.

EBITDA

There was an improvement of RM38.2m or 49.7% in the Group EBITDA from RM76.9m for 1st quarter 2005 to RM115.1m for 2nd quarter 2005. EBITDA margin for 2nd quarter 2005 of 27.2% was 7.5 percentage points higher than EBITDA margin of 19.7% in 1st quarter 2005. The growth was mainly contributed by MC-TV segment (RM34.6m), radio segment (RM3.4m) and Celestial (RM1.9m). The growth in MC-TV segment was mainly contributed by higher subscription revenue, advertising revenue and savings on subscriber acquisition costs.

Free Cash Flow

Free cash flow generated in 2nd quarter 2005 was RM77.7m compared to RM34.1m in 1st quarter 2005. The increase was mainly contributed by operating activities.

Net Cash Flow

There was a net decrease in cash of RM607.7m in 2nd quarter 2005 compared to a net increase of RM9.4m in 1st quarter 2005. The decrease in net cash flow resulted from the utilisation of IPO proceeds to settle the repayment of bonds and medium term notes under the PDS facility of RM570m and ECA facility of RM60m during 2nd quarter 2005.

Capital Expenditure

Group capital expenditure for the 2nd quarter 2005 totalled RM26.0m, of which RM24.3m was for MC-TV requirements.

Multi channel TV

MC-TV segment achieved total revenue of RM377.0m in 2nd quarter 2005, which was RM26.0m or 7.4% higher than 1st quarter 2005. The increase was due to subscription revenue, advertising revenue and other revenue being higher by RM17.7m, RM4.7m and RM3.6m respectively, as the business continues to grow.

Residential subscriber net additions were 47K in 2nd quarter 2005, a decrease of 9K or 16.1% compared to 56K in 1st quarter 2005. We believe this was primarily a result of the continued access to unauthorised methods of receiving the Astro transmission.



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22. REVIEW OF PERFORMANCE (continued)

(A) Performance of the current quarter (Second Quarter 2005) against the preceding quarter (First Quarter 2005) (continued)

Multi channel TV (continued)

MAT churn increased to 9.6% for 2nd quarter 2005 from 9.2% for 1st quarter 2005. The acceleration in MAT churn experienced in 1st quarter 2005 somewhat slowed in 2nd quarter 2005 due to the application of electronic counter measures to restrict unauthorised access to the MC-TV transmission signal. The card swap exercise targeted for quarter 3 is on schedule.

ARPU improved from RM79 in 1st quarter 2005 to RM81 in 2nd quarter 2005 due to the price increase of RM5 implemented in late-May 2004.

SAC per box sold declined by RM19 or 2.5%, from RM763 in 1st quarter 2005 to RM744 in 2nd quarter 2005 mainly due to lower set-top box prices and selling costs.

Radio

Radio's revenue of RM30.8m in 2nd quarter 2005 was RM3.5m or 12.8% higher than RM27.3 in 1st quarter 2005 driven by price increases across all stations and higher fill rates.

Celestial

Celestial's revenue of RM13.9m in 2nd quarter 2005, was RM4.4m or 46.3% higher than the RM9.5m in 1st quarter 2005. This was mainly as a result of increases in sales in the distribution arm of the business after the seasonally low quarter 1 sales.



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22. REVIEW OF PERFORMANCE (continued)

(B) Performance of the current six months ended 31 July 2004 (first half 2005) against the corresponding six months ended 31 July 2003 (first half 2004)

	All amounts in RM million unless otherwise stated			
	FINANCIAL HIGHLIGHTS		KEY OPERATING INDICATORS	
	SIX MTHS ENDED	SIX MTHS ENDED	SIX MTHS ENDED	SIX MTHS ENDED
	31/07/2004	31/07/2003	31/07/2004	31/07/2003
	Actual	Proforma	Actual	Proforma
<u>Consolidated Performance</u>				
Total Revenue	814.5	649.5		
Subscriber Acquisition Costs (SAC) ²	154.9	171.1		
EBITDA ³	192.0	103.4		
EBITDA Margin (%)	23.6	15.9		
Profit/(Loss) after taxation	53.1	(31.2)		
Free Cash Flow ⁴	111.8	(4.3)		
Net Decrease in Cash	(598.3)	(7.0)		
Capital expenditure ⁵	36.4	19.3		
(i) <u>Multi channel TV(MC-TV)</u>¹				
Subscription revenue	650.7	519.3		
Advertising revenue	47.0	36.0		
Other revenue	30.2	30.3		
Total revenue	727.9	585.6		
SAC ²	154.9	171.1		
EBITDA ³	205.6	112.0		
EBITDA Margin (%)	28.2	19.1		
Capital expenditure ⁵	30.1	16.1		
Total subscriptions-net additions ('000)			112	136
Total subscriptions-end of period ('000)			1,505	1,206
Residential subscribers-net additions ('000)			103	123
Residential subscribers-end of period ('000)			1,386	1,107
ARPU – residential subscriber (RM)			80	81
Churn (%)			9.6	7.3
SAC per set-top box sold (RM)			754	910
Content cost (RM per subscriber per mth)			25	28



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22. REVIEW OF PERFORMANCE (continued)

(B) Performance of the current six months ended 31 July 2004 (first half 2005) against the corresponding six months ended 31 July 2003 (first half 2004) (continued)

	All amounts in RM million unless otherwise stated			
	FINANCIAL HIGHLIGHTS		KEY OPERATING INDICATORS	
	SIX MTHS ENDED	SIX MTHS ENDED	SIX MTHS ENDED	SIX MTHS ENDED
	31/07/2004	31/07/2003	31/07/2004	31/07/2003
	Actual	Proforma	Actual	Proforma
(ii) Radio¹				
Revenue	58.2	47.4		
EBITDA ³	23.4	21.3		
EBITDA Margin (%)	40.2	44.9		
Listeners ('000) ⁶			8,861	8,196
Share of radio adex (%) ⁷			74	71
(iii) Celestial¹				
Revenue	23.4	14.2		
EBITDA ³	(29.5)	(28.7)		
EBITDA Margin (%)	(126.1)	(202.1)		
Titles released for distribution			54	48
(iv) Others¹				
Magazines – average monthly circulation (includes ASTRO TV Guide) ('000)			1,415	1,157
Malaysian film production – theatrical release			2	1

Note.:

1. Represents segment performance before inter-segment eliminations.
2. Subscriber acquisition cost is the average cost incurred in signing up a subscriber to the DTH multi-channel subscription service, including sales and marketing expenses and any subsidy offered on the set-top box and receiving equipment.
3. Earnings before interest, taxation, depreciation and amortisation (EBITDA) represents profit/(loss) from ordinary activities before net finance costs, taxation, impairment and depreciation of property, plant and equipment, amortisation of intangible assets such as software (but excluding amortisation of film library and programme rights which are expensed as part of cost of sales) and gain/(loss) from investment in associates.
4. Free cash flow represents the net cash flows arising from operating and investing activities of the Group.
5. Capital expenditure includes capitalised software costs.
6. Based on the Radio Listenership Survey Sweep 1, 2004 and Sweep 1, 2003 performed by NMR in April 2004 and April 2003 respectively.
7. Based on NMR Adex Report.



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22. REVIEW OF PERFORMANCE (continued)

(B) Performance of the current six months ended 31 July 2004 (first half 2005) against the corresponding six months ended 31 July 2003 (first half 2004) (continued)

Consolidated Performance

Turnover

For the six months ended 31 July 2004 (1st half 2005), the Group recorded consolidated revenues of RM814.5m which was RM165.0m or 25.4% higher than RM649.5m recorded in the six months ended 31 July 2003 (1st half 2004). The increase was mainly driven by higher subscription revenue from MC-TV segment which rose RM131.4m or 25.3% due to enlarged subscriber base. Advertising revenue also increased with 1st half 2005 being RM22.2m up on 1st half 2004 (MC-TV RM11.0m or 30.6%; Radio RM10.2m or 22.0%; other segment RM1.0m or 142.9%). Celestial revenue also improved to RM23.4m, an increase of RM9.2m from RM14.2m in 1st half 2004, as that business continues to grow according to plans.

EBITDA

Group EBITDA for 1st half 2005 was RM192.0m, an improvement of RM88.6m or 85.7% compared to RM103.4m for 1st half 2004. EBITDA margin for 1st half 2005 of 23.6% was 7.7 percentage point higher than EBITDA margin of 15.9% in 1st half 2004. The growth in MC-TV EBITDA of RM93.6m was mainly contributed by higher subscription and advertising revenues coupled with savings on subscriber acquisition costs, partially offset by higher programming, broadcast and overhead costs. EBITDA for Radio segment improved by RM2.1m due to advertising revenue.

Free Cash Flow

Free cash flow generated in 1st half 2005 was RM111.8m compared to a usage of RM4.3m in 1st half 2004 representing an improvement of RM116.1m.

Net Cash Flow

There was a net decrease in cash of RM598.3m in 1st half 2005 compared to a net decrease of RM7.0m in 1st half 2004. The significant cash outflow was due to the utilisation of IPO proceeds to settle the repayment of bonds and medium term notes under the PDS facility of RM570m and ECA facility of RM60m.

Capital Expenditure

Group capital expenditure for the 1st half 2005 totalled RM36.4m, of which RM30.1m was for MC-TV requirements.

Multi channel TV

MC-TV segment achieved total revenue of RM727.9m in 1st half 2005, which was RM142.3m or 24.3% higher than 1st half 2004, driven by higher subscription and advertising revenues.

Residential subscriber net additions were 103K in 1st half 2005, a decrease of 20K or 16.3% compared to 123K in 1st half 2004. The decrease was due to higher churn of 32K compared to 1st half 2004 which has offset the higher gross additions of 12K over 1st half 2004. The churn is mainly the direct result of the increasing usage of unauthorised means to access the Astro transmission signal, and will be addressed in the 3rd quarter with a swap of existing smartcards. The full impact of this unauthorised access to the Astro transmission signal can be seen in the churn rate increase over the last 12 months of 2.3 percentage points to 9.6%.



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22. REVIEW OF PERFORMANCE (continued)

(B) Performance of the current six months ended 31 July 2004 (first half 2005) against the corresponding six months ended 31 July 2003 (first half 2004) (continued)

Multi channel TV (continued)

MAT churn increased to 9.6% for 1st half 2005 from 7.3% for 1st half 2004.

ARPU declined from RM81 in 1st half 2004 to RM80 in 1st half 2005 due to accelerated growth in residential subscriber numbers in the mass urban market. This decline has however been addressed through a price increase effective May 2004, which will assist in growing ARPU over the remainder of FY2005.

SAC per box sold declined by RM156 or 17.1%, from RM910 in 1st half 2004 to RM754 in 1st half 2005 due to lower set-top box costs which was partially offset by decreased set-top box retail selling prices.

Radio

Radio's revenue of RM58.2m in 1st half 2005 was RM10.8m or 22.8% higher than RM47.4m in 1st half 2004. This improvement was mainly due to the attainment of higher share of the increased radio advertising expenditure by AMP radio stations from 71% in 1st half 2004 to 74% in 1st half 2005.

Celestial

Celestial generated revenue of RM23.4m in 1st half 2005 which was RM9.2m or 64.8% higher than RM14.2m in 1st half 2004 principally due to higher licensing income and content distribution.

23. CURRENT YEAR PROSPECTS

Underlying demand for the Group's products and services has remained strong during the quarter under review. On this basis and the anticipated reduction in churn following the replacement of the existing smartcards, and barring any unforeseen circumstances it is anticipated that the Group's overall performance will be satisfactory for the financial year ending 31 January 2005.

24. PROFIT FORECAST

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

25. DIVIDENDS

No dividends have been declared or recommended for the current quarter ended 31 July 2004.



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**PART B – EXPLANATORY NOTES IN COMPLIANCE WITH BURSA MALAYSIA
REQUIREMENT UNDER PART A of APPENDIX 9B**

26. EARNINGS/(LOSS) PER SHARE

The basic and diluted earnings/(loss) per share for the reporting period are computed as follows:

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 31/07/04 Actual	QUARTER ENDED 31/07/03 Proforma	SIX MTHS ENDED 31/07/04 Actual	SIX MTHS ENDED 31/07/03 Proforma
(1) Basic earnings/(loss) per share					
Net profit/(loss)	RM'm	33.4	(17.7)	53.1	(31.2)
Weighted average number of ordinary shares	'm	1,918.7	1,185.5	1,918.7	1,185.5
Basic earnings/(loss) per share	sen	1.74	(1.49)	2.77	(2.63)
(2) Diluted earnings/(loss) per share					
Net profit/(loss)	RM'm	33.4	(17.7)	53.1	(31.2)
Weighted average number of ordinary shares	'm	1,918.7	1,185.5	1,918.7	1,185.5
Adjusted for share options granted	'm	6.0	-	6.3	-
Adjusted weighted average number of ordinary shares	'm	1,924.7	1,185.5	1,925.0	1,185.5
Diluted earnings/(loss) per share*	sen	1.74	**	2.76	**

The Company, pursuant to the Employee Share Option Scheme (“ESOS”) and Management Share Incentive Scheme (“MSIS”), has the authority to grant options to its employees up to a maximum of 10% of its issued and paid-up ordinary share capital of 1,918,758,461 ordinary shares of £0.10 each as at 31 July 2004.

Notes:

- (*) The diluted earnings per share is calculated based on the dilutive effects of options granted over 29,751,000 ordinary shares under the ESOS.
- (**) There is no diluted loss per share for the individual and cumulative quarter ended 31 July 2003 as there are no dilutive potential ordinary shares.



ASTRO ALL ASIA NETWORKS plc

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JULY 2004

**PART C – EXPLANATORY NOTES IN COMPLIANCE WITH BURSA MALAYSIA
REQUIREMENT UNDER PARAGRAPH 9.22(2)(d)**

27. RECONCILIATION WITH THE MALAYSIAN GENERALLY ACCEPTED ACCOUNTING PRACTICE AND UK GAAP (UNAUDITED)

As mentioned under Note 1, the accounting policies adopted by the Group in presenting this quarterly report comply with the principles of IFRS adopted by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The reconciliation of the consolidated results and net assets of the Group to those that would be reported in accordance with applicable approved accounting standards in Malaysia (“MAAS”) and UK GAAP is set out below.

INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED	QUARTER ENDED	SIX MTHS ENDED	SIX MTHS ENDED
		31/07/04	31/07/03	31/07/04	31/07/03
		Actual	Proforma	Actual	Proforma
		RM'm	RM'm	RM'm	RM'm
IFRS consolidated net profit/(loss)		33.4	(17.7)	53.1	(31.2)
Elimination of pre-acquisition net losses of subsidiaries acquired	(a)	-	16.7	-	31.7
Amortisation of goodwill	(b)	(6.6)	(0.2)	(13.1)	(4.8)
MAAS consolidated net profit/(loss)		26.8	(1.2)	40.0	(4.3)
Equity compensation benefits	(d)	(1.7)	-	(3.3)	-
Share of profit/(loss) in associates	(e)	-	0.4	0.5	(0.3)
UK GAAP consolidated net profit/(loss)		25.1	(0.8)	37.2	(4.6)

BALANCE SHEETS

	Note	AS AT 31/07/04 Actual	AS AT 31/01/04 Actual
		RM'm	RM'm
IFRS consolidated net assets		1,446.6	1,394.6
Goodwill arising from the acquisition of subsidiaries	(a)	343.2	343.2
Amortisation of goodwill arising from the acquisition of subsidiaries	(b)	(89.5)	(76.4)
MAAS consolidated net assets		1,700.3	1,661.4
Share of net liabilities in associates	(e)	(2.9)	(3.7)
UK GAAP consolidated net assets		1,697.4	1,657.7

The differences in accounting policies of the Group under IFRS, MAAS and UK GAAP do not have an impact on the net movement in cash and cash equivalents of the Group for the six months ended 31 July 2004.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JULY 2004

**PART C – EXPLANATORY NOTES IN COMPLIANCE WITH BURSA MALAYSIA REQUIREMENT
UNDER PARAGRAPH 9.22(2)(d)**

**27. RECONCILIATION WITH THE MALAYSIAN GENERALLY ACCEPTED ACCOUNTING PRACTICE AND
UK GAAP (UNAUDITED) (continued)**

Notes:

- (a) The Group acquired the entire issued and paid-up share capital of Radio Advertising and Programming Systems Sdn Bhd (“RAPS”) on 27 March 2000 and Celestial Pictures Limited (“CPL”) and Philippine Animation N.V. (“PANV”) on 20 August 2003. As IFRS does not specify the accounting for business combinations of enterprises under common control, the Group has elected to apply the principles of uniting of interests (merger accounting) in the consolidation of the consolidated financial statements of RAPS, CPL and PANV under IFRS. Under the principles of uniting of interests, there is no goodwill arising on consolidation. However, as the acquisition of RAPS, CPL and PANV did not meet certain requirements under MAAS and UK GAAP for merger accounting, these business combinations were accounted for using acquisition accounting. Under acquisition accounting, goodwill arises on the difference between the cost of acquisition and the fair value of the attributable net assets of the subsidiaries acquired (see note (c) below). Accordingly, the consolidated income statement and net assets of the Group are adjusted to reflect the effects of the business combination (using acquisition accounting) of RAPS, CPL and PANV.
- (b) Goodwill arising on consolidation using acquisition accounting under MAAS and UK GAAP for acquisition of subsidiaries is amortised over their estimated useful lives, during which the future economic benefits of the goodwill are expected to flow to the Group. There is no goodwill arising on consolidation using the principles of uniting of interests (merger accounting) for business combinations under IFRS.
- (c) The fair values of the assets and liabilities at the date of acquisition have been based on a preliminary assessment made by management, which will be reviewed up to 31 January 2005. If applicable, the fair values as at date of acquisition will be adjusted based on an updated assessment of the conditions at the date of acquisition.
- (d) Under UK GAAP, the cost of equity compensation benefits must be recognised in the profit and loss account. MAAS and IFRS do not currently require accounting for equity compensation benefits.
- (e) Under UK GAAP, post-acquisition losses of associates are recognised in the profit and loss account based on the Group’s share of interest in the associates. Where the interest in an associate is in a net liabilities position, the amount recorded is shown as other provisions. Under MAAS and IFRS, recognition of further post-acquisition losses is discontinued when the Group’s share of losses exceeds the carrying amount of investment in the associates, unless the Group has incurred obligations to satisfy obligations of the associate that the Group has guaranteed or otherwise committed.

By order of the Board

Rohana Rozhan (MIA No.11722)
Company Secretary

10 September 2004

Kuala Lumpur