PRICEWATERHOUSECOOPERS

Accountants' Report

PricewaterhouseCoopers
(AF 1146)
Chartered Accountants
11th Floor Wisma Sime Darby
Jalan Raja Laut
P O Box 10192
50706 Kuala Lumpur, Malaysia
Telephone +60 3 2693 1077
Facsimile +60 3 2693 0997

The Board of Directors
ASTRO ALL ASIA NETWORKS plc
3rd Floor, Administration Building
All Asia Broadcast Centre
Technology Park Malaysia
Lebuhraya Puchong-Sungai Besi
Bukit Jalil, 57000
Kuala Lumpur
Malaysia

26 September 2003

Dear Sirs

INTRODUCTION

This Accountants' Report has been prepared by an approved company auditor for the purpose of inclusion in the Prospectus in connection with the proposed listing and quotation of the entire issued and paid-up share capital of 1,913,817,799 ordinary shares of 10 pence each in ASTRO ALL ASIA NETWORKS plc ("AAAN" or "the Company") on the Main Board of the Kuala Lumpur Stock Exchange ("KLSE").

On 20 September 2003, AAAN entered into a share sale agreement to acquire the entire issued and paid-up ordinary share capital of AAAN (Bermuda) Limited (formerly known as ASTRO ALL ASIA NETWORKS Limited) ("AAAN Bermuda Ltd"), a company incorporated in Bermuda.

As at 31 July 2003, AAAN Bermuda Ltd had two wholly owned subsidiaries, MEASAT Broadcast Network Systems Sdn Bhd ("MBNS") and ASTRO Overseas Limited ("AOL"). On 20 August 2003, AAAN Bermuda completed certain business combinations including the acquisition of the entire issued and paid-up share capital of Celestial Pictures Limited ("Celestial").

This Accountants' Report includes the following sections:

I General information
II Accounting policies
III AAAN and unaudited proforma historical financial information
IV Historical consolidated financial information for MBNS and its subsidiaries (collectively known as "MEASAT") and AAAN Bermuda Ltd and its subsidiaries (collectively known as "AAAN Bermuda")
V Historical consolidated financial information for Celestial and its subsidiaries (collectively known as "Celestial Pictures")
VI Others

PRICEWATERHOUSECOOPERS **Accountants' Report**

I General Information

(i) Incorporation of AAAN

As an integral part of the proposed listing, AAAN was incorporated in England and Wales on 22 July 2003 under the United Kingdom Companies Act, 1985 as a public limited company with the name Cardbrook plc. It changed its name to ASTRO ALL ASIA NETWORKS plc on 23 July 2003. AAAN was registered as a foreign company in Malaysia pursuant to the Malaysian Companies Act, 1965 on 16 September 2003. The issued and paid-up share capital as at 31 July 2003 was two ordinary shares of one pound Sterling each, equivalent to RM6.17 each.

The registered office of AAAN in the United Kingdom is as follows:

10 Upper Bank Street
London
E14 5JJ
United Kingdom

The registered office of AAAN in Malaysia is as follows:

3rd Floor, Administration Building
All Asia Broadcast Centre
Technology Park Malaysia
Lebuhraya Puchong-Sungai Besi
Bukit Jalil, 57000
Kuala Lumpur
Malaysia

As part of the proposed group restructuring prior to listing on the Main Board of the Kuala Lumpur Stock Exchange ("KLSE"), AAAN had entered into share sale agreement to acquire the entire issued and paid-up ordinary share capital of AAAN Bermuda Ltd. The structure of AAAN Bermuda as at 31 July 2003, the group reorganisation subsequent to 31 July 2003, the proposed group restructuring and the proposed initial public offering are described below.

(ii) AAAN Bermuda Group Structure as at 31 July 2003

As at 31 July 2003, AAAN Bermuda Ltd's principal subsidiaries are MBNS and AOL.

MBNS was incorporated on 12 May 1992 and commenced its multi-channel subscription television services in 1996. MBNS has a broadcasting licence of 25 years expiring 28 February 2022 and a telecommunication licence expiring 24 October 2016. From the date of incorporation to 31 January 1998, MBNS acquired a total of ten Malaysian incorporated subsidiaries and three non-Malaysian incorporated subsidiaries.

As at 31 July 2003, AAAN Bermuda also invested in four overseas associates, namely 48.9% shareholding in Kristal-ASTRO Sdn. Bhd. in Brunei, 20.0% shareholding (paid-up 18.4%) in TVB Publishing Holding Limited in Hong Kong, 35.7% shareholding in Hsin Chi Broadcast Co Ltd in Taiwan and 49.0% shareholding in ASTRO E.Com India Private Limited in India.

A group reorganisation was carried out during the year ended 31 January 2001 which included the following:

- MBNS acquired the entire issued and paid-up share capital of Radio Advertising and Programming Systems Sdn. Bhd. ("RAPS") in March 2000. RAPS was incorporated on 23 August 1996 and commenced radio broadcasting in 1997. Currently, two of RAPS subsidiaries have a 10 years content application services provider licence each, both licenses expiring on 30 June 2010.
- In October 2000, a new company incorporated in Bermuda, AAAN Bermuda Ltd, acquired the entire issued and paid-up share capital of MBNS.

I General Information (continued)

(ii) AAAN Bermuda Group Structure at 31 July 2003 (continued)

In October 2000, MBNS transferred the shareholdings of the principal non-Malaysian operations subsidiaries and associates ("Overseas Operations") to AOL, a wholly owned subsidiary of AAAN Bermuda Ltd.

(iii) Details of Principal Previous AAAN Bermuda Ltd and MBNS Business Combinations

Details of the principal previous business combinations that AAAN Bermuda Ltd and MBNS undertook from 1 February 1998 to 31 July 2003 are described below:

(a) **MBNS's business combination with RAPS**

On 27 March 2000, MBNS acquired the entire issued and paid-up share capital of RAPS, comprising 40,000,002 ordinary shares of RM1.00 each at par. MBNS issued 2,857,142 new ordinary shares of RM1.00 each as consideration for the acquisition. The ordinary shares issued by MBNS represent 4.3% of the enlarged ordinary share capital of MBNS. The business combination with RAPS has been accounted for using the principles of uniting of interests. Accordingly, the consolidated financial statements of MEASAT were prepared as if the business combination was in place for all periods presented in this Report.

(b) **AAAN Bermuda Ltd's business combination with MBNS**

On 12 October 2000, AAAN Bermuda Ltd acquired the entire issued and paid-up ordinary share capital of MBNS, comprising 65,857,142 ordinary shares of RM1.00 each. AAAN Bermuda Ltd issued 1,185,428,556 new ordinary shares of U.S.$0.10 each as consideration for the acquisition. In addition, AAAN Bermuda Ltd also acquired the entire issued and paid-up Redeemable Convertible Preference Shares ("RCPS") of MBNS, comprising 285,000,000 RCPS of RM0.01 each by the issuance of 75,000,000 RCPS of U.S.$0.01 each. The ordinary shares issued by AAAN Bermuda Ltd represent 99.9% of the enlarged ordinary share capital of AAAN Bermuda Ltd.

These transactions established AAAN Bermuda Ltd as the new holding company of MEASAT. As a result, there were no changes in the ultimate controlling parties. The business combination with MBNS has been accounted for using the principles of uniting of interests. Accordingly, the consolidated financial statements of AAAN Bermuda were presented as if the business combination was in place for all periods presented in this Report.

(c) **Transfer of Overseas Operations from MBNS to AOL**

On 4 March 2000, AAAN Bermuda Ltd subscribed for the entire share capital of AOL, comprising 120,000 ordinary shares of U.S.$0.10 each. The shares were issued at par and payment has not been called.

In October 2000, MBNS transferred all its shareholdings in Overseas Operations to AOL, leaving all the Malaysian operations within MEASAT.

I General Information (continued)

(iv) Details of Recent AAAN Bermuda Business Combinations and Transactions

Details of recent transactions and business combinations undertaken by AAAN Bermuda, subsequent to 31 July 2003, in advance of the proposed group restructuring for the listing and quotation of the entire issued and paid-up ordinary share capital of AAAN on the KLSE ("Listing") are as follows:

(a) Issuance of C Series Redeemable Convertible Preference Shares

On 18 August 2003, AAAN Bermuda Ltd issued 103,947,368 redeemable convertible preference shares with a par value of U.S.$0.01 each at U.S.$1.00 each at a total subscription price equivalent to RM395 million (or approximately U.S.$103.9 million) ("C Series RCPS"). The C Series RCPS are redeemable at the option of the holder, who may issue a redemption notice between 18 December 2003 and 17 December 2004. AAAN Bermuda Ltd has twelve months, from the date of issue of the redemption notice, to settle the redemption or to procure another person or entity to purchase the C Series RCPS. The C Series RCPS has no coupon and therefore the redemption amount would be U.S.$ equivalent of RM395 million on the redemption date. Additionally, the C Series RCPS are convertible upon flotation of AAAN Bermuda Ltd, for a variable number of ordinary shares. The number of ordinary shares which can be subscribed for is calculated as an amount equivalent to one hundred times the total nominal value of all the C Series RCPS, based on the assumption that the value to be subscribed for each ordinary share shall be 90.0% of the initial public offering ("IPO") price to be paid by institutional investors.

(b) Acquisition of East Asia Entertainment (BVI) Limited. ("EAE")

On 14 August 2003, AOL subscribed for the entire issued and paid-up ordinary share capital in EAE, comprising one ordinary share of U.S.$1.00 each at par.

(c) Acquisition of Celestial Entertainment Holdings Limited ("CEHL")

On 18 August 2003, EAE acquired the entire issued and paid-up ordinary share capital in CEHL, comprising two ordinary shares of HK$1.00 each at par.

(d) AAAN Bermuda's business combination with Celestial

On 20 August 2003, AAAN Bermuda via an intermediate subsidiary holding company, CEHL, acquired the entire issued and paid-up share capital of Celestial. Celestial was incorporated on 19 March 1996 in Hong Kong under the Hong Kong Companies Ordinance (Chapter 32). The principal activities of Celestial Pictures are film production, licensing and distribution, and the operation of movie channels. In May 2000, Celestial Pictures acquired the Shaw Brothers' film library comprising over 760 film titles and, in March 2003, it launched its movie channel, "Celestial Movies".

Celestial was acquired from Pacific Investments (BVI) Ltd, a company which is controlled by a principal shareholder of AAAN Bermuda Ltd and therefore this is an acquisition of a company under common control. This business combination with Celestial will be accounted for using the principles of uniting of interests. The purchase consideration of approximately RM110.6 million will be settled on 30 September 2003 or such date as the parties may agree and RM345.4 million will be paid to the existing immediate holding company of Celestial to settle outstanding advances.

(e) AAAN Bermuda's business combination with Philippine Animation N.V. ("PANV")

On 18 August 2003, AAAN Bermuda via its subsidiary, AOL, has entered into an agreement to acquire the entire issued and paid-up share capital of PANV. PANV was incorporated on 13 December 1996 under the laws of the Netherlands Antilles. PANV and its subsidiaries ("PANV Group") are principally involved in the development and production of animated films. PANV was acquired from Worldwide Sports and Entertainment Inc ("WSE"), a company which is also controlled by a principal shareholder of AAAN Bermuda and therefore this is a business combination under common control and will be accounted for using the principles of uniting of interests. The purchase consideration is approximately RM23,000 and will be settled on 30 September 2003 or such date as the parties may agree.

I General Information (continued)

(iv) Details of Recent AAAN Bermuda Business Combinations and Transactions

(f) Acquisition of additional 7.9% issued and paid-up ordinary share capital in TVB Publishing Holding Limited ("TVBPH")

On 20 August 2003, AAAN Bermuda via its subsidiary, MEASAT Broadcast Network Systems (BVI) Limited, acquired an additional 10.0% of the issued ordinary share capital (of which 7.9% has been fully paid) of TVBPH from Home Net N.V. ("HomeNet") for an acquisition price of approximately RM13.7 million. The remaining uncalled ordinary share capital of RM19 million will be called and fully paid by 2005. With this additional acquisition, AAAN Bermuda holds 26.3% of the issued and paid-up ordinary share capital and 3.7% unpaid ordinary share capital of TVBPH.

(g) Acquisition of Maestro Talent and Management Sdn. Bhd.("MTM")

On 6 August 2003, MBNS acquired 2 ordinary shares of RM1.00 each representing 100% of the issued share capital of MTM for a total consideration of RM2.00.

(h) Acquisition of ASTRO Entertainment Networks Limited ("AENL")

On 18 September 2003, AENL was incorporated as a private company in Mauritius as a wholly owned subsidiary of AOL. On 19 September 2003, AENL entered into a legally binding letter of intent for the distribution, in Indonesia, of television programming content produced or co-produced by Television Broadcasts Limited and/or its wholly owned subsidiaries, under which AENL is obliged to make minimum guarantee payments of no less than RM6.4 million in the two years from 1 January 2004 or date of first broadcast of such television programming in Indonesia.

(v) Listing and quotation of the entire issued and paid-up ordinary share capital on the KLSE ("Listing")

As an integral part of the Listing, the following transactions and group restructuring have been undertaken by AAAN prior to the Listing:

(a) Business combination of AAAN with AAAN Bermuda Ltd

On 20 September 2003, AAAN entered into a share sale agreement to acquire the entire issued and paid-up ordinary share capital of AAAN Bermuda Ltd comprising 1,185,548,556 ordinary shares of U.S.$0.10 each, from the existing shareholders. AAAN will issue 1,185,548,556 new ordinary shares of 10 pence each as consideration for the acquisition.

Upon the completion of the above business combination ("Group Restructuring") on 20 September 2003, the shareholders of AAAN Bermuda Ltd held shares in the Company in exactly the same proportion as the shares held by them in AAAN Bermuda Ltd prior to the business combination. The Group Restructuring resulted in AAAN being the new holding company of AAAN Bermuda, with the same shareholders as AAAN Bermuda Ltd immediately prior to the restructuring. Accordingly, the Group Restructuring is accounted for using the principles of uniting of interests.

In addition, as part of the share sale agreement, AAAN acquired the entire issued and paid-up 53,947,368 redeemable convertible preference shares ("RCPS") of U.S.$0.01 each ("B Series RCPS") and 103,947,368 RCPS of U.S.$0.01 each ("C Series RCPS") of AAAN Bermuda Ltd. AAAN issued 53,947,368 Series I RCPS of one pence each as consideration to acquire the B Series RCPS and issued 103,947,368 Series II RCPS of one pence each as consideration to acquire the C Series RCPS.

I General Information (continued)

(b) Novation of assets and liabilities to AAAN

On 26 September 2003, AAAN Bermuda Ltd entered into agreements with AAAN to transfer certain of its assets and liabilities to AAAN.

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II Summary of significant accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the consolidated financial statements presented in this Report.

A Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with 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 consolidated financial statements have been prepared under the historical cost convention, except where otherwise stated in the accounting policies below.

The group has implemented the International Accounting Standards, IAS 22 Business Combinations, IAS 36 Impairment of Assets, IAS 37 Contingent Liabilities and Contingent Assets, IAS 38 Intangible Assets, with effect from 1 February 2000, in accordance with the implementation date of this Standard.

The group has implemented the International Accounting Standards, IAS 39 Financial Instruments: Recognition and Measurement, with effect from 1 February 2000, in advance of its effective date of 1 January 2001. There is no material impact to the opening balances on the adoption of IAS 39 for the year ended 31 January 2001.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting year. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

B Group accounting

(1) Subsidiaries

Subsidiaries, which are those entities in which the group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases. Subsidiaries are consolidated using the purchase method of accounting except for business combinations of entities under common control, which are consolidated using the uniting of interests method of accounting. Business combination under common control is a business combination in which all the combining entities are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory.

Under the purchase method of accounting, the cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Refer Note E(1) for the accounting policy on goodwill.

Under the uniting of interests method of accounting, the financial position and performance of the group has been presented as if the business combination had been in effect from the beginning of the earliest period presented. Under the uniting of interests method of accounting, the cost of an acquisition is measured at the nominal value of shares issued plus fair value of all the other considerations. The difference between the carrying value of the investment in these subsidiaries over the value of the share capital (including share premium) acquired is taken to the contributed surplus account.

II Summary of significant accounting policies (continued)

B Group accounting (continued)

(1) Subsidiaries (continued)

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the invested entities. When the minorities' share of losses equals or exceeds their interest in the entities invested, the minority shareholders do not recognise further losses, unless the minority shareholders have incurred obligation or made payment on behalf of the entities invested.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the group's share of its net assets together with any unamortised balance of goodwill on acquisition and exchange differences which were not previously recognised in the consolidated income statement.

(2) Associates

Investments in associates are accounted for by the equity method of accounting. Under this method, the group's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are entities over which the group generally has between 20% and 50% of the voting rights, or over which the group has significant influence, but which it does not control.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates; unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

The group's investment in associates includes goodwill (net of accumulated amortisation) on acquisition. When the group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses, unless the group has incurred obligations or made payments on behalf of the associates.

(3) Transaction costs

External costs directly attributable to an acquisition and costs of issuing shares and other capital instruments in relation to the acquisition are included as part of the cost of acquisition. However, all costs incurred in relation to business combination accounted for using uniting of interests are recognised as expenses in the period in which they are incurred.

C Foreign currency translation

(1) Measurement currency

Items included in the financial statements of each entity in the group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the measurement currency"). The consolidated financial statements of MEASAT and AAAN Bermuda are presented in Ringgit Malaysia ("RM"), which is the measurement currency of most of MEASAT's and AAAN Bermuda's operations.

II Summary of significant accounting policies (continued)

C Foreign currency translation (continued)

(2) Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items are reported as part of the fair value gain or loss.

(3) Foreign entities

The group's foreign entities are those operations that are not an integral part of the operations of the group. Income statements and cash flows of foreign entities are translated into the group's measurement currency at average exchange rates for the period and their balance sheets are translated at the exchange rates ruling at period end. When a foreign entity is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(4) Closing rates

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

	As at 31 January					As at 31 July
	1999 RM	**2000 RM**	**2001 RM**	**2002 RM**	**2003 RM**	**2003 RM**
1 United States Dollar ("U.S.$")	3.80	3.80	3.80	3.80	3.80	3.80
1 Euro	4.34	3.81	3.48	3.29	4.11	4.35
100 Indian Rupee ("Rs")	9.23	8.73	8.19	8.02	7.95	8.25
1 Singapore Dollar ("SGD")	2.25	2.25	2.18	2.09	2.19	2.16
1 Australian Dollar ("AUD$")	2.38	2.49	2.06	1.95	2.24	2.52
1 pound Sterling ("£")	6.27	6.25	5.54	5.37	6.29	6.17
1 Hong Kong Dollar ("HK$")	0.49	0.49	0.49	0.49	0.49	0.49
1 Brunei Dollar ("B$")	2.25	2.25	2.18	2.07	2.19	2.16
1 French Franc	0.67	0.58	0.53	n/a	n/a	n/a

II Summary of significant accounting policies (continued)

D Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives. Leased assets capitalised are depreciated over their estimated useful lives or lease period, whichever is shorter. The estimated useful lives of the assets are as follows:

Buildings	40 years
Leasehold improvements	3 years
Satellite transponders	11.5 years
Equipment, fixtures and fittings (including computers)	3 - 10 years
Broadcast and transmission equipment	3 - 10 years

No depreciation is calculated on assets under construction until the assets are completed and are ready for their intended use.

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

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the group. Major renovations are depreciated over the remaining useful life of the related asset.

Refer also to Note F for the accounting policy on impairment of long-lived assets.

E Intangible assets

(1) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill is amortised using the straight-line method over its estimated useful life. The group determines the estimated useful life of goodwill based on its evaluation of the respective companies at the time of acquisition, considering factors such as existing market share, potential growth and other factors inherent in the acquired companies. Goodwill arising from the acquisitions of subsidiaries or associates are amortised over their estimated useful lives of 3 to 5 years.

Refer also to Note F for the accounting policy on impairment of long-lived assets.

II Summary of significant accounting policies (continued)

E Intangible assets (continued)

(2) Computer software

Costs associated with developing or maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with identifiable and unique software products controlled by the group and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of 10 years.

Refer also to Note F for the accounting policy on impairment of long-lived assets.

F Impairment of long-lived assets

Property, plant and equipment and other non-current assets, including film library and programme rights, goodwill and other intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

The impairment loss is charged to the income statement.

G Leases

(1) Finance leases

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included as liabilities. The finance charges of the finance lease are charged to the income statement over the lease period so as to produce a constant periodic rate of finance cost on the outstanding liability.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful lives of the assets or the lease terms, as disclosed in Note D of the accounting policies.

(2) Operating leases

Leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the leases.

II Summary of significant accounting policies (continued)

H Film library and programme rights

(1) Film library

The film library comprises acquired films and films produced for the group, either internally or externally, and production in progress with the primary intention to exploit the library through release and licensing of such films as part of the group's long-term operations. The library is stated at cost less accumulated amortisation.

The cost of films produced for the group and production in progress includes direct costs and production overheads incurred in relation to the production of the library.

The cost of the film library is amortised on an individual title basis, based on the proportion of the actual income earned during the period against the estimated ultimate revenue expected to be earned over the revenue period, not exceeding five years, commencing from the date when revenue is first generated. Estimated ultimate revenues expected to be earned are reviewed periodically and additional impairment losses are recognised if appropriate. Amortisation is included in cost of sales.

(2) Programme rights

The programme rights comprise rights licensed from third parties and programmes produced for the group, either internally or externally, and production in progress with the primary intention to broadcast in the normal course of the group's operating cycle. The rights are stated at cost less accumulated amortisation.

The group amortise the programme rights based on an accelerated basis over the license period or estimated useful life if shorter, from the date of first transmission in a particular territory, to match the costs of consumption with the estimated benefits to be received. Amortisation is included in cost of sales. The amortisation period is no more than five years.

For financial years ended prior to 31 January 2003, MEASAT amortised the programme rights based on a straight line basis. For the financial year ended 31 January 2003, MEASAT changed its amortisation basis from straight line basis to accelerated basis. The cumulative impact to the financial statements arising from the above changes, net of write back of allowance, was an additional RM10.8 million in the amortisation charge to the income statement in the financial year ended 31 January 2003.

The cost of programme rights for sports, current affairs, variety and light entertainment is fully amortised on the date of first transmission.

I Turnaround channel transmission rights

The cost of turnaround channels (programme provider fees), where the group has immediate transmission rights, is expensed as incurred.

J Inventories

Inventories principally comprise set-top boxes, video compact disc and consumable items and are stated at the lower of cost and net realisable value. Cost is determined based on the weighted average cost method. Net realisable value of the set-top boxes reflects the value to the business of the set-top boxes in the hands of the customer. The cost of set-top box is charged to cost of sales when the set-top box is delivered to customer. Where appropriate, allowance is made for obsolete or slow-moving inventory based on management's analysis of inventory levels and future sales forecast.

II Summary of significant accounting policies (continued)

K Receivables

Trade receivables are carried at original invoiced amount less allowance made for impairment of these receivables. An allowance for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables.

L Cash and cash equivalents

Cash and cash equivalents are carried at the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents consist of cash on hand, cash at bank and deposits held at call with banks. Cash and deposits where the usage of the funds is subject to the conditions as contained in the bank financing facility are disclosed in this Report.

M Share capital

(1) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Mandatorily redeemable preference shares are classified as liability. Other shares, including RCPS, are classified as equity and/or liability according to the economic substance of the particular instrument at the initial date of recognition. The fair value of the liability component is calculated using a market interest rate for an equivalent non-convertible financial instrument. The residual amount, representing proceeds less the fair value of the liability component, is classified as equity.

(2) Share issue costs

Incremental external costs directly attributable to the issue of new shares, other than in connection with business combination disclosed in Note B(3), are shown as a deduction, net of tax, in equity.

N Borrowings

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

O Deferred taxation

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

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

Deferred tax assets and liabilities are set off when there is legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

II Summary of significant accounting policies (continued)

P Employee benefits

(1) Defined contribution plans

The group pays contributions to publicly administered pension plans on a mandatorily, contractual or voluntary basis. Once the contributions have been paid, the group has no further payment obligations. The regular contributions constitute net periodic costs for the period in which they are due and as such are included in staff costs in the income statements.

(2) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Q Provisions

Provisions are recognised when the group have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

R Revenue recognition

Subscription fees derived from satellite television services are recognised as earned over the period the services are provided.

Airtime revenues, derived from the placement of commercials on the satellite television and radio networks are recognised in the period during which the commercials are aired, net of advertising commissions. Certain advertising revenues are generated in barter transactions in exchange for equipment, goods or services provided by the advertisers. Such revenues are recorded at the estimated fair market value of the equipment, goods or services received. The revenue are recognised over the period of the contracts as the commercial are aired. The equipment and goods received are recorded as assets when they qualify for assets recognition or otherwise expensed. Services received in exchange are expensed over the service period.

Revenue from the sale of programme rights is recognised in the period the rights are available to the licensee.

Revenue from the theatrical sale of motion pictures is recognised in the period the motion pictures are screened in the cinemas.

Revenue from sale of set-top boxes is recognised based on the subsidised price in the period the set-top boxes are delivered to the customers.

Revenue from the sale of magazines is recognised in the period the magazines are sold. Revenue from the sale of advertising space in magazines is recognised in the period the advertisements are published, net of advertising commissions.

Revenue from the development of multimedia and interactive applications is recognised over the period in which the development takes place. Fees from the licensing of multimedia and interactive applications are recognised over the period in which the services are provided.

Licensing income is recognised upon the delivery of master tapes and related materials or when services are rendered in accordance with the terms of the underlying contracts.

II Summary of significant accounting policies (continued)

R Revenue recognition (continued)

Sale of video products are recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the related products are delivered to customers and title has passed.

Other revenue earned by the group include interest income which is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

S Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments. The allocation of costs between segments is based on the products and services of the specific subsidiaries which incur such costs.

T Accounting for derivative financial instruments

The group enters into foreign currency forward contracts to protect the group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Prior to early adoption of IAS 39 in February 2000, exchange gains and losses arising on forward exchange contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

Subsequent to the early adoption of IAS 39, derivative financial instruments comprise forward exchange contracts which, while providing effective economic hedges under the group's risk management policies, do not qualify for hedge accounting under specific rules in IAS 39. These forward exchange contracts are initially recognised in the balance sheet at cost and subsequently are remeasured at their fair values. Changes in the fair value are recognised immediately in the income statements.

There is no material impact to the opening balances as at 1 February 2000 following the adoption of IAS 39.

U Fair value estimation

In assessing the fair value of financial instruments, the group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of forward foreign exchange contract is calculated as the present value of the estimated future cash flows, determined using forward exchange market rates at the balance sheet date. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the group for similar financial instruments.

III ASTRO ALL ASIA NETWORKS plc

Background

AAAN was incorporated in England and Wales on 22 July 2003 under the United Kingdom Companies Act, 1985 as a public limited company with the name Cardbrook plc. It changed its name to ASTRO ALL ASIA NETWORKS plc on 23 July 2003. AAAN was registered as a foreign company in Malaysia pursuant to the Malaysian Companies Act, 1965 on 16 September 2003.

The issued and paid-up share capital as at 31 July 2003 was two ordinary shares of one pound Sterling (RM6.17) each. The Company did not trade during the nine day period from incorporation to 31 July 2003.

The audit opinion on the financial statements as at and for the nine day period ended 31 July 2003 is not qualified.

Income statement

The company did not trade during the nine day period from incorporation to 31 July 2003 and so, no separate income statement has been produced for this period. The company has no recognised gains and losses, and therefore no separate statement of total recognised gains and losses has been presented.

The company's profit or loss on ordinary activities before taxation was nil.

Balance sheet

	Note	As at 31 July 2003 RM
Current assets		
Cash in hand		12
TOTAL ASSETS		12
SHAREHOLDERS' EQUITY		
Ordinary shares	1	12
TOTAL SHAREHOLDERS' EQUITY		12

There is no difference between the opening and closing shareholders' equity stated above, and therefore no separate reconciliation of movements in equity shareholders' funds has been presented.

III ASTRO ALL ASIA NETWORKS plc (continued)

Cash flow statement

	From date of incorporation to 31 July 2003 RM
Cash flows from financing activities	
Proceeds from issue of ordinary shares	12
Net cash from financing activities	12
Net increase in cash and cash equivalents	12
Cash and cash equivalents at beginning of period	0
Cash and cash equivalents at end of period	12

Notes to the financial statements

1 **Ordinary shares**

	As at 31 July 2003 RM
Authorised:	
50,000 ordinary shares of £1 each	308,500
Issued and fully paid:	
2 ordinary shares of £1 each	12

III ASTRO ALL ASIA NETWORKS plc (continued)

2 Events subsequent to balance sheet date

(a) Increased in AAAN's authorised share capital

On 3 September 2003, AAAN increased its authorised share capital from £50,000 to £99,998 by the creation of 49,998 redeemable preference shares ("RPS") of £1 each. On the same day, these shares were allotted to Home View Limited N.V.

The redeemable preference shareholders may not attend or vote at the Company's Annual General Meeting ("AGM"), have the right to receive the same dividend as ordinary shareholders and rank after the holders of the Series I RCPS and Series II RCPS on a winding up. The RPS are redeemable at par, by giving to the holders of the RPS to be redeemed, not less than one week's notice.

(b) Share split of existing ordinary share of £1 each into 20 ordinary shares of 10 pence each

On 20 September 2003, the Company sub-divided and converted all of the issued share capital ordinary shares of £1.00 each into 20 ordinary shares of 10 pence each and sub-divided and converted all of the authorised but unissued ordinary shares of £1.00 each into ordinary shares of 10 pence each.

(c) Increased in authorised share capital from £99,998.00 to £301,628,945.36

On 20 September 2003, the Company increased its authorised share capital from £99,998.00 to £301,628,945.36 by the creation of:

(i) additional 2,999,500,000 ordinary shares of 10 pence each;

(ii) 53,947,368 Series I RCPS of 1 pence each; and

(iii) 103,947,368 Series II RCPS of 1 pence each.

(d) Business combination of AAAN with AAAN Bermuda Ltd

On 20 September 2003, AAAN entered into a share sale agreement to acquire the entire issued and paid-up ordinary share capital of AAAN Bermuda Ltd comprising 1,185,548,556 ordinary shares of U.S.$0.10 each, from the existing shareholders. AAAN will issue 1,185,548,556 new ordinary shares of 10 pence each as consideration for the acquisition.

Upon the completion of the above business combination ("Group Restructuring") on 20 September 2003, the shareholders of AAAN Bermuda Ltd held shares in the Company in exactly the same proportion as the shares held by them in AAAN Bermuda Ltd prior to the business combination. The Group Restructuring resulted in AAAN being the new holding company of AAAN Bermuda, with the same shareholders as AAAN Bermuda Ltd immediately prior to the restructuring. Accordingly, the Group Restructuring is accounted for using the principles of uniting of interests.

In addition, as part of the share sale agreement, AAAN acquired the entire issued and paid-up 53,947,368 redeemable convertible preference shares ("RCPS") of U.S.$0.01 each ("B Series RCPS") and 103,947,368 RCPS of U.S.$0.01 each ("C Series RCPS") of AAAN Bermuda Ltd. AAAN issued 53,947,368 Series I RCPS of one pence each as consideration to acquire the B Series RCPS and issued 103,947,368 Series II RCPS of one pence each as consideration to acquire the C Series RCPS.

III ASTRO ALL ASIA NETWORKS plc (continued)

(e) Novation of assets and liabilities to AAAN

On 26 September 2003, AAAN Bermuda Ltd entered into agreements with AAAN to transfer certain of its assets and liabilities to AAAN.

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III ASTRO ALL ASIA NETWORKS plc (continued)

Unaudited proforma consolidated income statements and unaudited proforma statement of assets and liabilities

The unaudited proforma consolidated income statements and unaudited proforma statement of assets and liabilities set out below have been prepared by the Directors of AAAN based on the notes set out in subsection (iii) below and have been prepared solely for illustrative purposes to illustrate the effects on the financial results of AAAN of the business combinations of AAAN with AAAN Bermuda (subsequent to AAAN Bermuda's business combination with Celestial Pictures and PANV Group), on the assumption that these business combinations have been effected on 31 July 2003.

(i) Unaudited proforma consolidated income statements

	Year ended 31 January					Six months ended 31 July
	1999 RM'000	**2000 RM'000**	**2001 RM'000**	**2002 RM'000**	**2003 RM'000**	**2003 RM'000**
Revenue	253,590	399,825	616,209	879,983	1,148,489	651,162
Cost of sales	(440,352)	(604,509)	(762,683)	(867,314)	(1,084,128)	(483,333)
Gross (loss)/profit	(186,762)	(204,684)	(146,474)	12,669	64,361	167,829
Other operating income	34,478	106,162	3,869	104,513	53,447	25,832
Marketing and distribution costs	(50,179)	(71,013)	(93,822)	(77,340)	(97,529)	(60,878)
Administrative expenses	(139,066)	(158,612)	(193,557)	(173,470)	(176,345)	(81,458)
(Loss)/profit from operations	(341,529)	(328,147)	(429,984)	(133,628)	(156,066)	51,325
Finance income/(costs) (net)	114,138	(57,311)	(121,018)	(155,617)	(157,782)	(75,371)
Losses from investments in associates	(7,323)	(3,322)	(80,278)	(6,973)	(5,889)	(919)
Loss from ordinary activities before taxation	(234,714)	(388,780)	(631,280)	(296,218)	(319,737)	(24,965)
Taxation	0	0	(216)	34	612,842	(5,801)
(Loss)/profit from ordinary activities after taxation	(234,714)	(388,780)	(631,496)	(296,184)	293,105	(30,766)
Minority interests	500	0	0	20	6	0
Net (loss)/profit	(234,214)	(388,780)	(631,496)	(296,164)	293,111	(30,766)

PRICEWATERHOUSECOOPERS **Accountants' Report**

III ASTRO ALL ASIA NETWORKS plc (continued)

(ii) Unaudited proforma consolidated statement of assets and liabilities

	As at 31 July 2003 RM'000
ASSETS	
Non-current assets	
Property, plant and equipment	364,898
Investments in associates	24,084
Deferred tax assets	607,360
Film library and programme rights	297,452
Other intangible assets	7,305
Total non-current assets	1,301,099
Current assets	
Inventories	48,376
Receivables and prepayments	233,909
Tax recoverable	7,511
Deposits, cash and bank balances	217,898
Total current assets	507,694
TOTAL ASSETS	1,808,793
SHAREHOLDERS' EQUITY	
Ordinary shares	731,483
Redeemable Convertible Preference Shares ("RCPS") (equity component)	17,230
Contributed surplus account	461,803
Exchange reserves	(19)
Accumulated losses	(2,446,364)
Total shareholders' equity	(1,235,867)
MINORITY INTERESTS	0
LIABILITIES	
Non-current liabilities	
Corporate shareholder's advances (interest bearing)	196,245
Borrowings (interest bearing)	956,907
RCPS (liability component)	241,629
Payables	34,029
Total non-current liabilities	1,428,810
Current liabilities	
Corporate shareholder's advances (interest bearing)	346,664
Borrowings (interest bearing)	261,380
RCPS (liability component)	349,777
Payables	625,490
Provision for liabilities and charges	32,425
Tax liabilities	114
Total current liabilities	1,615,850
Total liabilities	3,044,660
TOTAL SHAREHOLDERS' EQUITY, MINORITY INTERESTS AND LIABILITIES	1,808,793

III ASTRO ALL ASIA NETWORKS plc (continued)

(iii) Bases for the preparation of unaudited proforma consolidated income statements and unaudited proforma consolidated statement of assets and liabilities

(a) The unaudited proforma consolidated income statements and unaudited proforma statement of assets and liabilities have been prepared based on the following:

- Audited financial statements for AAAN as at and for the nine day period ended 31 July 2003;
- Audited consolidated financial statements of MEASAT as at and for the two years ended 31 January 1999 and 2000, and audited consolidated financial statements of AAAN Bermuda as at and for the three years ended 31 January 2001, 2002 and 2003 and as at and for the six months ended 31 July 2003;
- Audited consolidated financial statements of Celestial Pictures as at and for the three years ended 31 January 2001, 2002 and 2003 and as at and for the six months ended 31 July 2003; and unaudited consolidated management accounts of Celestial Pictures as at and for the two years ended 31 January 1999 and 2000; and
- Unaudited consolidated management accounts of PANV Group as at and for the five years ended 31 January 1999, 2000, 2001, 2002 and 2003 and as at and for the six months ended 31 July 2003.

(b) The business combination of AAAN Bermuda with Celestial Pictures and PANV Group is accounted for using the principles of uniting of interests and accordingly unaudited proforma financial information includes the results of each of the acquired subsidiaries for all periods presented. For illustrative purposes, the purchase consideration for Celestial Pictures of approximately RM110.6 million is assumed to be paid by cash obtained from bank financing facilities with a repayment period of more than 12 months and for PANV Group of RM23,000 is assumed to be paid by cash. The excess of the total purchase consideration of RM110.6 million over the value of the ordinary share capital acquired of approximately RM12.2 million, amounted to RM98.4 million, is recorded in the contributed surplus account.

(c) All inter-company transactions and balances have been eliminated in the preparation of the unaudited proforma financial information.

(d) For illustrative purposes, the purchase consideration for the acquisition of an additional 7.9% of the issued and paid-up ordinary shares in TVBPH of RM13.7 million is assumed to be paid via cash. The payment is presented as investments in associates. This acquisition has no impact on the unaudited proforma consolidated income statements.

(e) The business combination of AAAN with AAAN Bermuda Ltd is accounted for using the principles of uniting of interests as discussed in Section I subsection (v)(a). For illustrative purposes, the purchase consideration is assumed to be effected by a share for share swap between AAAN and the existing shareholders of AAAN Bermuda Ltd. The nominal value of the share issued by AAAN is RM731.5 million which exceeds the nominal value of the share capital acquired by RM281.0 million . This excess is recorded in the contributed surplus account.

(f) The consolidated income statements of Celestial Pictures and PANV Group are translated into Ringgit Malaysia ("RM") at average exchange rates for the years/period included while consolidated statements of assets and liabilities are translated at the exchange rates ruling at the period end.

IV MEASAT and AAAN Bermuda

Background

AAAN Bermuda Ltd is a limited liability company that was incorporated on 27 January 2000 in Bermuda under the Bermuda Companies Act, 1981 (as amended) as an exempted company. AAAN Bermuda Ltd has also been registered as a foreign company in Malaysia under the provisions of the Malaysian Companies Act, 1965, on 18 August 2000.

On 12 October 2000, AAAN Bermuda Ltd acquired the entire issued and paid-up ordinary share capital of MBNS, comprising 65,857,142 ordinary shares of RM1.00 each. AAAN Bermuda Ltd issued 1,185,428,556 new ordinary shares of U.S.$0.10 each as consideration for the acquisition. In addition, AAAN Bermuda Ltd also acquired the entire issued and paid-up RCPS of MBNS, comprising 285,000,000 RCPS of RM0.01 each by the issuance of 75,000,000 RCPS of U.S.$0.01 each. The ordinary shares issued by AAAN Bermuda Ltd represent 99.9% of the enlarged ordinary share capital of AAAN Bermuda Ltd.

The business combination with MBNS was an internal reorganisation to facilitate the establishment of AAAN Bermuda Ltd as the new holding company of MEASAT. Following the incorporation of AAAN Bermuda Ltd as the new holding company, there were no changes in the direct and ultimate controlling parties. The financial statements are consolidated in accordance with the principles of uniting of interests. Accordingly, the consolidated financial statements of the group are presented as if the new structure was in place for all periods.

The principal place of business is located at:

All Asia Broadcast Centre
Technology Park Malaysia
Lebuhraya Puchong – Sungai Besi
Bukit Jalil, 57000
Kuala Lumpur
Malaysia.

Principal Activities

AAAN Bermuda forms a digital satellite broadcasting and multimedia services group. The principal activities of AAAN Bermuda are the provision of Direct-to-Home multi-channel subscription television and related interactive television services, commercial radio broadcasting and other multimedia related services.

The following licenses have been issued to AAAN Bermuda in Malaysia:

License	Date granted	Terms of license (Years)	Assigned to
Broadcasting license	1 March 1997	25	MBNS
Telecommunication license	25 October 1996	20	MBNS
Content application service provider	1 July 2000	10	MEASAT Radio Communications Sdn. Bhd.
Content application service provider	1 July 2000	10	Maestra Broadcast Sdn. Bhd.

IV MEASAT and AAAN Bermuda (continued)

Financial statements and auditors

For statutory reporting purposes in Malaysia, the financial statements of MEASAT for the financial years ended 31 January 1999 and 2000 were prepared in accordance with applicable approved accounting standards in Malaysia ("MAAS") and were audited in accordance with approved auditing standards in Malaysia.

As permitted by Bermuda Companies Act, 1981 (as amended), the financial statements of AAAN Bermuda (also referred to as "the Group" in this section) for the financial years ended 31 January 2001 and 2002 have been prepared in accordance with MAAS and were audited in accordance with approved auditing standards in Malaysia. For the financial year ended 31 January 2003, AAAN Bermuda's financial statements were prepared in accordance with 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.

Subsequently, the Directors of each company have also prepared and approved the financial statements of MEASAT for the years ended 31 January 1999 and 2000, and financial statements of AAAN Bermuda for the years ended 31 January 2001 and 2002 in accordance with IFRS. These financial statements have been audited in accordance with International Standards of Auditing.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates. The financial statements are the responsibility of the Directors of MBNS and AAAN Bermuda Ltd.

The financial statements of MEASAT for the year ended 31 January 1999 and 2000 were reported on without qualification. However, included in the audit opinions on these financial statements for the years ended 31 January 1999 and 2000 is a paragraph referring to the financial position of MEASAT at each year end respectively, and the disclosures in the notes on the preparation of the financial statements on a going concern basis, as disclosed below.

The financial statements of AAAN Bermuda were reported on by us without qualification. However, included in the audit opinions on the financial statements for the years ended 31 January 2001, 2002, 2003 and six months ended 31 July 2003, is a paragraph referring to the financial position of AAAN Bermuda at each year/period end respectively, and the disclosures in the notes on the preparation of the financial statements on a going concern basis, as described below.

Basis of preparation of financial statements

The financial positions of MEASAT and AAAN Bermuda at the respective financial year/period end were as follows:

MEASAT incurred net losses of RM232.0 million and RM382.8 million for the years ended 31 January 1999 and 2000, respectively. In addition, MEASAT had deficits in shareholders' equity which amounted to RM110.3 million and RM494.2 million as at 31 January 1999 and 2000, respectively. The current liabilities exceeded current assets by RM376.6 million and RM519.3 million as at 31 January 1999 and 2000, respectively.

AAAN Bermuda incurred net losses of RM622.9 million and RM287.9 million for the years ended 31 January 2001 and 2002, respectively, and net profit of RM336.2 million and RM0.5 million for the financial year ended 31 January 2003 and six months ended 31 July 2003, respectively. In addition, AAAN Bermuda had deficits in shareholders' equity amounted to RM1,099.8 million, RM1,387.7 million, RM1,051.5 million and RM1,051.0 million as at 31 January 2001, 2002, 2003 and 31 July 2003, respectively. The current liabilities exceeded current assets by RM329.7 million, RM301.0 million, RM773.6 million and RM756.6 million as at 31 January 2001, 2002, 2003 and 31 July 2003, respectively.