



IV MEASAT and AAAN Bermuda (continued)

Basis of preparation of financial statements (continued)

For each period presented, the continuation of MEASAT and AAAN Bermuda as going concerns have been dependent on their abilities to generate sufficient cash flow to meet their obligations on a timely basis, to comply with terms of their financing arrangements and to obtain additional financing or refinancing as may be required.

MEASAT and AAAN Bermuda have carried out the following funding activities:

Share subscription

- (i) On 11 November 1998, MBNS made an offer by way of rights to the holders of ordinary shares in MBNS for the subscription of 10,000,000 ordinary shares of RM1.00 each in the capital of MBNS comprising two series of 3,000,000 and 7,000,000 ordinary shares each at an issue price of RM70.0 per share of which the 3,000,000 ordinary shares have been fully accepted and paid up on 14 November 1998. Subsequently, the holders of ordinary shares in MBNS renounced their respective rights for the subscription of 7,000,000 ordinary shares and Usaha Tegas Entertainment Systems Sdn Bhd ("UTES") agreed to provide the letters of commitment as described later in this Section.
- (ii) On 8 March 2000, MBNS entered into a Share Subscription Agreement ("Agreement") with a strategic investor for an investment of RM285.0 million in RCPS of MBNS representing 285,000,000 RCPS of RM0.01 each at an issue price of RM1.00 each. On 12 October 2000, as part of the group restructuring, AAAN Bermuda Ltd acquired 285,000,000 RCPS by the issuance of 75,000,000 RCPS of U.S.\$0.01 each ("A Series RCPS").
- (iii) On 31 October 2000, AAAN Bermuda Ltd issued B Series RCPS of U.S.\$0.01 each at a premium of U.S.\$0.99, amounted to RM205.0 million, for cash and part settlement of notes payable and to fund the working capital requirements of AAAN Bermuda.
- (iv) On 18 August 2003, AAAN Bermuda Ltd issued C Series RCPS of U.S.\$0.01 each at a premium of U.S.\$0.99 each, which amounted to approximately U.S.\$103.9 million (RM395.0 million).

Debt funding

- (i) On 28 March 2000, MBNS entered into a financing agreement arranged by Aseambankers Malaysia Berhad for a RM715.0 million local private debt securities facilities ("PDS Facility") comprising 6-year Commercial Papers/Medium Term Notes and 5-year and 6-year Fixed Rate Bonds. The PDS Facility provided funding to refinance the RM500.0 million syndicated revolving credit facility and to finance, in part, the capital and operating expenditure requirements of MEASAT.
- (ii) On 1 June 2000, MBNS obtained a U.S.\$80.0 million foreign structured trade finance facility ("ECA Facility") for the importation of set-top boxes.
- (iii) In February 2002, MBNS secured a total of RM158.1 million corporate shareholder's advances from UTES.
- (iv) On 6 February 2003, MBNS obtained RM500.0 million term loan facility with a bank guarantee sub-limit of RM100.0 million ("BPI Facility") to part finance lease payments relating to the satellite platform, cost of digital multimedia systems and capital expenditure requirements relating to the All Asia Broadcast Centre.
- (v) On 21 August 2003, AAAN Bermuda Ltd received and accepted a committed offer from DBS Bank Limited for a financing package of RM1,007.0 million, as described in Note 36(h). The loan agreement was signed on 26 September 2003.

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Basis of preparation of financial statements (continued)

In addition to the above sources of funding, MEASAT and AAAN Bermuda have obtained the following contingent sources of funding to meet their obligations and operational cash requirements:

Letters of commitment and financial support

On 19 October 2000, UTES, a principal corporate shareholder of AAAN Bermuda Ltd, provided letters of undertaking with respect to:

- (i) a cash deficiency facility of up to a maximum aggregate amount of RM510.0 million ("Cash Deficiency Facility"), as part of the ECA facility agreement, to enable AAAN Bermuda Ltd to meet its obligations to provide a similar facility to MBNS, and
- (ii) a cash facility of up to U.S.\$75.0 million plus accrued interest to enable AAAN Bermuda Ltd to meet its redemption obligations under the A Series RCPS.

On 22 May 2003, AAAN Bermuda Ltd was released from the Cash Deficiency Facility undertaking as a result of the Amendment and Restatement Agreement signed on 17 March 2003 between MBNS and the ECA Facility lenders to amend certain terms of the ECA Facility. However, it is a term of the amended ECA Facility that if at any time, any commitment of the BPI Facility is cancelled or not drawn by the end of the availability period, MBNS will procure AAAN Bermuda Ltd, UTES and Usaha Tegas Sdn Bhd to provide MBNS with a cash deficiency facility up to an amount that equals the amount of commitment of the BPI Facility that was cancelled.

UTES confirmed its intention to provide financial support to MBNS to enable MBNS to meet its liabilities as and when they fall due and to carry on the business without significant curtailment of operations. The financial statements of AAAN Bermuda as at 31 January 2000 disclosed this intent in a paragraph describing the basis of preparation of the financial statements as a going concern basis.

Subsequently, in a letter dated 28 January 2003, UTES confirmed its intention to provide financial support, subject to a limit of RM376 million, to AAAN Bermuda to enable AAAN Bermuda to meet its liabilities as and when they fall due and to carry on the business without significant curtailment of operations. The financial statements of AAAN Bermuda as at 31 January 2001 and 2002 disclosed this intent in a paragraph describing the basis of preparation of the financial statements on a going concern basis. As a result of the aforesaid BPI Facility and a committed offer from DBS Bank Limited for a financing package of RM1,007.0 million, UTES's financial support intention was not disclosed in the financial statements for the year ended 31 January 2003 and six months ended 31 July 2003.

UTES has confirmed that on successful Listing and Quotation of AAAN, it is no longer the intention of UTES to provide any form of financial support to AAAN Bermuda in the manner set out in the letter dated 28 January 2003.

In view of the aforementioned, the Directors of MEASAT and AAAN Bermuda have prepared the respective periods' financial statements on a going concern basis.

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risk. The group's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the group.

The group uses derivative financial instruments such as foreign exchange contracts and a mixture of fixed and floating interest rates to hedge certain exposures.

(1) Foreign currency exchange risk management

The group operates internationally and is exposed to foreign currency exchange risk as a result of the foreign currency transactions and borrowings entered into by the group in currencies other than their functional currencies. Forward foreign currency exchange contracts are used to limit exposure to currency fluctuations on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

Most of the group's foreign currency transactions are conducted in U.S.\$, which has a fixed exchange rate relative to RM since 2 September 1998. Therefore, there is no exposure to foreign currency rate fluctuations denominated in U.S.\$ as long as the exchange rate remains fixed and the exposure to other foreign currency rate fluctuations is minimal.

(2) Interest rate risk management

The group's interest rate exposure arises principally from the group's trade payables and borrowings. The interest rate risk is managed through the use of fixed and floating rate financial instruments.

(3) Credit risk management

The group has no significant concentration of credit risk. Customer credit risk exposure is managed with a combination of credit limits and arrears monitoring procedures. Deposits of cash are placed only with financial institutions that are appropriately supervised or regulated.

(4) Liquidity and cash flow risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the group's Treasury aims at maintaining flexibility in funding by keeping committed credit lines available and, if necessary, obtaining additional debt and equity funding.

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Consolidated income statements

	Note	MEASAT		AAAN Bermuda			
		Year ended 31 January		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	2	238,494	384,790	608,704	855,248	1,129,390	635,877
Cost of sales	3	(424,374)	(585,841)	(756,089)	(854,521)	(1,064,858)	(465,189)
Gross (loss)/profit		(185,880)	(201,051)	(147,385)	727	64,532	170,688
Other operating income							
- Gain on dispute settlement	4	0	0	0	106,611	47,494	23,115
- Gain on termination of transponders finance lease on MEASAT- 2	5	0	97,896	0	0	0	0
- Other income		34,478	8,266	5,419	5,483	9,360	2,717
Marketing and distribution costs		(50,179)	(71,013)	(92,982)	(75,760)	(92,666)	(53,411)
Administrative expenses	6	(137,763)	(156,270)	(187,426)	(162,887)	(143,623)	(62,124)
(Loss)/profit from operations	7	(339,344)	(322,172)	(422,374)	(125,826)	(114,903)	80,985
Finance income/(costs) (net)	10	114,138	(57,311)	(120,207)	(154,955)	(155,770)	(73,798)
Associates:							
- Share of results before tax	14	(7,323)	(3,322)	(34,902)	(3,159)	(2,075)	143
- Impairment of investments in associates	14	0	0	(9,554)	0	0	0
- Impairment of goodwill	14	0	0	(32,326)	0	0	0
- Amortisation of goodwill	14	0	0	(3,496)	(3,814)	(3,814)	(1,062)
Losses from investments in associates		(7,323)	(3,322)	(80,278)	(6,973)	(5,889)	(919)
(Loss)/profit from ordinary activities before taxation		(232,529)	(382,805)	(622,859)	(287,754)	(276,562)	6,268
Taxation	11	0	0	(49)	(171)	612,804	(5,801)
(Loss)/profit from ordinary activities after taxation		(232,529)	(382,805)	(622,908)	(287,925)	336,242	467
Minority interests	23	500	0	0	20	6	0
Net (loss)/profit		(232,029)	(382,805)	(622,908)	(287,905)	336,248	467
(Loss)/profit per share (in sen)	12						
Basic		(365.5)	(581.3)	(52.5)	(24.3)	28.4	0*
Diluted		(365.5)	(581.3)	(52.5)	(24.3)	28.4	0*

* represents 0.04 sen each

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Consolidated balance sheets

	Note	MEASAT		AAAN Bermuda			As at
		As at 31 January		As at 31 January			31 July
		1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2003 RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	13	976,147	630,666	560,956	469,284	390,549	359,043
Investments in associates	14	37,690	33,230	12,332	5,359	1,889	10,384
Deferred tax assets	15	0	0	0	0	613,000	607,360
Film library and programme rights	16	115,801	95,192	73,082	50,344	14,335	31,910
Other intangible assets	17	24,146	15,048	18,678	15,708	8,642	6,782
Total non-current assets		1,153,784	774,136	665,048	540,695	1,028,415	1,015,479
Current assets							
Inventories	18	2,392	38,975	66,086	28,207	61,045	47,533
Receivables and prepayments	19	61,479	143,993	144,552	141,125	192,516	220,502
Tax recoverable		0	0	0	5,743	7,511	7,511
Deposits, cash and bank balances	20	73,040	95,022	116,025	167,128	227,158	220,054
Total current assets		136,911	277,990	326,663	342,203	488,230	495,600
TOTAL ASSETS		1,290,695	1,052,126	991,711	882,898	1,516,645	1,511,079
SHAREHOLDERS' EQUITY							
Ordinary shares	21	65,857	65,857	450,508	450,508	450,508	450,508
Share premium		1,188,553	1,188,553	0	0	0	0
Redeemable convertible preference shares ("RCPS") (equity component)	26	0	0	17,230	17,230	17,230	17,230
Contributed surplus account	22	37,143	37,143	841,091	841,091	841,091	841,091
Exchange reserves		1,087	(52)	0	70	0	(19)
Accumulated losses		(1,402,944)	(1,785,749)	(2,408,657)	(2,696,562)	(2,360,314)	(2,359,847)
Total shareholders' equity		(110,304)	(494,248)	(1,099,828)	(1,387,663)	(1,051,485)	(1,051,037)
MINORITY INTERESTS	23	0	0	0	0	0	0
LIABILITIES							
Non-current liabilities							
Corporate shareholder's advances (interest bearing)	24	0	0	35,183	166,641	180,917	187,899
Borrowings (interest bearing)	25	887,505	749,046	906,270	929,713	879,422	846,344
RCPS (liability component)	26	0	0	493,681	530,979	232,986	241,629
Payables	27	0	0	0	0	12,931	34,029
Total non-current liabilities		887,505	749,046	1,435,134	1,627,333	1,306,256	1,309,901
Current liabilities							
Corporate shareholder's advances (interest bearing)	24	28,186	55,716	0	0	0	0
Borrowings (interest bearing)	25	170,644	193,669	287,587	286,897	218,707	261,380
RCPS (liability component)	26	0	0	0	0	338,109	349,777
Payables	27	314,577	547,882	368,810	356,179	642,776	608,519
Provision for liabilities and charges	28	0	0	0	0	62,168	32,425
Tax liabilities		87	61	8	152	114	114
Total current liabilities		513,494	797,328	656,405	643,228	1,261,874	1,252,215
Total liabilities		1,400,999	1,546,374	2,091,539	2,270,561	2,568,130	2,562,116
TOTAL SHAREHOLDERS' EQUITY, MINORITY INTERESTS AND LIABILITIES		1,290,695	1,052,126	991,711	882,898	1,516,645	1,511,079

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Consolidated statements of changes in shareholders' equity

MEASAT	Issued and fully paid ordinary shares of RM1.00 each	Non-distributable				Accumulated losses RM'000	Total RM'000
		Nominal value RM'000	Contributed surplus account RM'000	Exchange reserves RM'000	Share premium RM'000		
As at 1 February 1998	62,857	37,143	0	981,553	(1,170,915)	(89,362)	
Ordinary shares issued during the year	3,000	0	0	207,000	0	210,000	
Currency translation differences	0	0	1,087	0	0	1,087	
Net loss	0	0	0	0	(232,029)	(232,029)	
As at 31 January 1999/ 1 February 1999	65,857	37,143	1,087	1,188,553	(1,402,944)	(110,304)	
Currency translation differences	0	0	(1,139)	0	0	(1,139)	
Net loss	0	0	0	0	(382,805)	(382,805)	
As at 31 January 2000	65,857	37,143	(52)	1,188,553	(1,785,749)	(494,248)	

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Consolidated statements of changes in shareholders' equity

AAAN Bermuda	Issued and fully paid ordinary shares of U.S.\$0.10 each Nominal value RM'000	Non-distributable				Accumulated losses RM'000	Total RM'000
		RCPS (equity component) RM'000	Contributed surplus account RM'000	Exchange reserves RM'000			
As at 1 February 2000	450,462	0	841,091	(52)	(1,785,749)	(494,248)	
Ordinary shares issued on incorporation and fully paid up on 10 May 2000	46	0	0	0	0	46	
A Series RCPS (equity component)	0	10,000	0	0	0	10,000	
B Series RCPS (equity component)	0	7,230	0	0	0	7,230	
Currency translation differences	0	0	0	52	0	52	
Net loss	0	0	0	0	(622,908)	(622,908)	
As at 31 January 2001/ 1 February 2001	450,508	17,230	841,091	0	(2,408,657)	(1,099,828)	
Currency translation differences	0	0	0	70	0	70	
Net loss	0	0	0	0	(287,905)	(287,905)	
As at 31 January 2002/ 1 February 2002	450,508	17,230	841,091	70	(2,696,562)	(1,387,663)	
Currency translation differences	0	0	0	(70)	0	(70)	
Net profit	0	0	0	0	336,248	336,248	
As at 31 January 2003/ 1 February 2003	450,508	17,230	841,091	0	(2,360,314)	(1,051,485)	
Currency translation differences	0	0	0	(19)	0	(19)	
Net profit	0	0	0	0	467	467	
As at 31 July 2003	450,508	17,230	841,091	(19)	(2,359,847)	(1,051,037)	

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Consolidated cash flow statements

AAAN Bermuda	Note	Year ended 31 January 2003 RM'000	Six months ended 31 July 2003 RM'000
Cash flows from operating activities			
Net profit		336,248	467
Adjustments for:			
Barter transactions – revenue	2,29	(4,098)	(3,181)
Amortisation of film library and programme rights	3,16	98,651	16,991
Amortisation of other intangible assets			
- Goodwill	7,17	0	15
- Software costs	7,17	9,853	2,882
Depreciation of property, plant and equipment	7,13	106,843	48,194
Gain on disposal of property, plant and equipment	7,30	(1,828)	(129)
Loss on disposal of other intangible assets	7	0	147
Interest income	10	(4,486)	(2,837)
Interest costs	10	98,617	50,480
Accretion of RCPS yield	10	40,116	20,311
Taxation	11	(612,804)	5,801
Impairment of property, plant and equipment	7,13	514	17
Minority interests	23	(6)	0
Losses from investments in associates		5,889	919
Unrealised foreign exchange gains	10	(502)	(363)
		73,007	139,714
Changes in working capital:			
Film library and programme rights	16	(62,642)	(34,566)
Inventories		(26,689)	14,418
Receivables and prepayments		(50,631)	(27,927)
Payables		288,264	(10,641)
Provision for liabilities and charges	28	62,168	(29,743)
Cash from operations		283,477	51,255
Income tax paid		(2,002)	(161)
Interest received		4,585	2,961
Net cash from operating activities		286,060	54,055
Cash flows from investing activities			
Investments in subsidiaries	32	787	(445)
Investments in associates		(45)	(9,443)
Proceeds from disposal of property, plant and equipment	30	5,038	422
Purchase of property, plant and equipment		(30,096)	(15,475)
Purchase of software	17	(2,787)	(739)
Net cash used in investing activities		(27,103)	(25,680)

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Consolidated cash flow statements (continued)

		Year ended 31 January	Six months ended 31 July
AAAN Bermuda	Note	2003 RM'000	2003 RM'000
Cash flows from financing activities			
Interest paid		(58,122)	(30,444)
Proceeds from borrowings		0	24,725
Payment of finance lease liabilities		(71,543)	(11,913)
Repayment of borrowings		(69,205)	(17,714)
Net cash used in financing activities		(198,870)	(35,346)
Net effect of currency translation on cash and cash equivalents		(57)	(133)
Net increase/(decrease) in cash and cash equivalents		60,030	(7,104)
Cash and cash equivalents at beginning of year/period		167,128	227,158
Cash and cash equivalents at end of year/period	20	227,158	220,054

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements

1 Segment information

(a) Primary reporting format – business segments

The Group is organised into the following business segments:

- Multi-channel subscription television - provides multi-channel Direct-to-Home subscription television (including sale of set-top boxes) and related interactive television services.
- Radio - provides radio broadcasting and related consultancy and marketing services. Radio also develops and maintains the Group's websites and interactive online capabilities.
- Others - includes the publishing business that produces magazines to complement the multi-channel subscription television and radio businesses; interactive business that focuses on content services for the mobile platform; film production business for theatrical releases and licensing rights and ownership of buildings.

Inter-segments 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.

	MEASAT		AAAN Bermuda			
	Year ended 31 January		Year ended 31 January			Six months ended 31 July
Revenue	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2003 RM'000
Multi-channel subscription television						
External revenue	221,127	351,946	552,043	781,317	1,034,316	585,633
Inter-segment revenue	657	236	17	40	232	0
Multi-channel subscription television revenue	221,784	352,182	552,060	781,357	1,034,548	585,633
Radio						
External revenue	16,674	31,505	54,045	70,890	86,510	45,488
Inter-segment revenue	0	0	1,580	946	2,154	1,893
Radio revenue	16,674	31,505	55,625	71,836	88,664	47,381
Others						
External revenue	693	1,339	2,616	3,041	8,564	4,756
Inter-segment revenue	11,076	9,387	26,746	31,549	33,421	16,476
Others revenue	11,769	10,726	29,362	34,590	41,985	21,232
Total reportable segments	250,227	394,413	637,047	887,783	1,165,197	654,246
Eliminations	(11,733)	(9,623)	(28,343)	(32,535)	(35,807)	(18,369)
Total Group revenue	238,494	384,790	608,704	855,248	1,129,390	635,877

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

1 Segment information (continued)

(a) Primary reporting format – business segments (continued)

	MEASAT		AAAN Bermuda			
	Year ended 31 January		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
Cost of sales						
<u>Multi-channel subscription television</u>						
External cost of sales	394,366	555,724	714,817	803,712	1,002,724	433,772
Inter-segment cost of sales	0	836	697	568	509	1,915
Multi-channel subscription television cost of sales	394,366	556,560	715,514	804,280	1,003,233	435,687
<u>Radio</u>						
External cost of sales	15,892	15,285	21,621	30,290	34,492	16,171
Inter-segment cost of sales	1,886	3,009	2,215	2,215	2,215	1,108
Radio cost of sales	17,778	18,294	23,836	32,505	36,707	17,279
<u>Others</u>						
External cost of sales	14,116	14,832	19,651	20,519	27,642	15,246
Inter-segment cost of sales	1,243	0	0	0	2	1
Others cost of sales	15,359	14,832	19,651	20,519	27,644	15,247
Total reportable segments	427,503	589,686	759,001	857,304	1,067,584	468,213
Eliminations	(3,129)	(3,845)	(2,912)	(2,783)	(2,726)	(3,024)
Total Group cost of sales	424,374	585,841	756,089	854,521	1,064,858	465,189

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

1 Segment information (continued)

(a) Primary reporting format – business segments (continued)

Segment result	MEASAT		AAAN Bermuda			
	Year ended 31 January		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
Total gross segment result gain/(loss)						
Multi-channel subscription television	(318,476)	(315,872)	(409,380)	(134,297)	(186,928)	65,992
Radio	(11,577)	1,323	18,720	21,614	30,666	20,570
Others	(7,802)	(8,848)	(23,992)	9,647	(79,941)	6,426
Inter-segment result (gain)/loss						
Multi-channel subscription television	4,705	7,018	8,468	7,094	63,882	6,197
Radio	3,640	4,227	1,716	2,952	1,954	119
Others	(9,834)	(10,020)	(17,906)	(32,836)	55,464	(18,319)
(Loss)/profit from operations	(339,344)	(322,172)	(422,374)	(125,826)	(114,903)	80,985
Finance income/(costs) (net)						
- Multi-channel subscription television	212,959	11,509	(6,817)	(103)	(4,703)	(3,894)
- Radio	(4)	(4)	(41)	(389)	85	(7)
- Others	(1)	(2)	(17)	(2)	(564)	245
Unallocated finance costs (net)	(98,816)	(68,814)	(113,332)	(154,461)	(150,588)	(70,142)
Losses from investments in associates						
- Multi-channel subscription television	0	(280)	(2,365)	0	(2,388)	0
- Others	(7,323)	(3,042)	(77,913)	(6,973)	(3,501)	(919)
(Loss)/profit from ordinary activities before taxation	(232,529)	(382,805)	(622,859)	(287,754)	(276,562)	6,268
Taxation	0	0	(49)	(171)	612,804	(5,801)
(Loss)/profit from ordinary activities after taxation	(232,529)	(382,805)	(622,908)	(287,925)	336,242	467
Minority interests	500	0	0	20	6	0
Net (loss)/profit	(232,029)	(382,805)	(622,908)	(287,905)	336,248	467

Segment results represent the segment revenue less segment expenses, comprising expenses directly attributable and allocated to the segment.

Unallocated finance costs (net) comprise interest on borrowings, corporate shareholder's advances, promissory notes, finance leases, rescheduled lease rental payment, accretion of RCPS yield, debt service and other finance costs, net of interest income.

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

1 Segment information (continued)

(a) Primary reporting format – business segments (continued)

The impairment of property, plant and equipment disclosed in Note 7 is included in the results of the multi-channel subscription television segment. The impairment of receivables disclosed in Note 6 is included in the following segments:

	MEASAT		AAAN Bermuda			
	Year ended 31 January		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
Impairment of receivables						
Multi-channel subscription television	21,067	(2,948)	2,035	4,751	6,209	3,581
Radio	219	125	505	318	(111)	196
Others	0	0	0	42	162	109
Impairment of receivables	21,286	(2,823)	2,540	5,111	6,260	3,886

	MEASAT		AAAN Bermuda			
	As at 31 January		As at 31 January			As at 31 July
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2003 RM'000
Other information						
<u>Segment assets</u>						
Multi-channel subscription television	987,799	738,734	674,691	519,241	478,888	468,071
Radio	12,038	19,246	26,740	32,633	47,587	43,340
Others	223,119	212,119	195,046	180,594	171,789	185,275
Unallocated assets	67,739	82,027	95,234	150,430	818,381	814,393
Total assets	1,290,695	1,052,126	991,711	882,898	1,516,645	1,511,079
<u>Segment liabilities</u>						
Multi-channel subscription television	(295,162)	(526,142)	(333,664)	(314,269)	(655,808)	(603,331)
Radio	(11,274)	(12,462)	(13,845)	(22,208)	(33,310)	(30,695)
Others	(8,141)	(9,278)	(21,301)	(19,702)	(28,757)	(40,947)
Unallocated liabilities	(1,086,422)	(998,492)	(1,722,729)	(1,914,382)	(1,850,255)	(1,887,143)
Total liabilities	(1,400,999)	(1,546,374)	(2,091,539)	(2,270,561)	(2,568,130)	(2,562,116)

Segment assets consist primarily of property, plant and equipment, investments in associates, other intangible assets, film library and programme rights, inventories, receivables and prepayments, cash and bank balances. Segment liabilities comprise payables and provision for liabilities and charges.

Unallocated assets consist of deposits with licensed banks, deferred tax assets and tax recoverable.

Unallocated liabilities consist of borrowings, corporate shareholder's advances, RCPS (liability component) and tax liabilities.

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

1 Segment information (continued)

(a) Primary reporting format – business segments (continued)

Other information	MEASAT		AAAN Bermuda			
	Year ended 31 January		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
<u>Property, plant and equipment additions</u>						
Multi-channel subscription						
television	25,140	23,859	24,010	16,785	23,047	15,473
Radio	263	975	2,255	2,069	5,581	679
Others	478	1,459	12,749	1,976	3,204	740
Property, plant and equipment additions	25,881	26,293	39,014	20,830	31,832	16,892
<u>Depreciation of property, plant and equipment</u>						
Multi-channel subscription						
television	121,685	123,386	97,124	95,949	94,065	42,796
Radio	810	922	1,147	1,123	1,355	730
Others	9,387	8,100	10,216	11,450	11,423	4,668
Depreciation of property, plant and equipment	131,882	132,408	108,487	108,522	106,843	48,194
<u>Film library and programme rights additions</u>						
Multi-channel subscription						
television	80,838	77,650	66,805	59,922	59,754	32,273
Others	2,157	(281)	661	2,317	2,888	2,293
Film library and programme rights additions	82,995	77,369	67,466	62,239	62,642	34,566
<u>Amortisation of film library and programme rights</u>						
Multi-channel subscription						
television	83,213	95,969	89,070	83,964	96,687	15,764
Others	608	2,009	506	1,013	1,964	1,227
Amortisation of film library and programme rights	83,821	97,978	89,576	84,977	98,651	16,991
<u>Other intangible assets additions</u>						
Multi-channel subscription						
television	1,646	2,930	13,009	3,743	2,787	1,184

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

1 Segment information (continued)

(a) Primary reporting format – business segments (continued)

	MEASAT		AAAN Bermuda			
	Year ended 31 January		Year ended 31 January			Six months ended 31 July
Other information (continued)	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2003 RM'000
<u>Amortisation of other intangible assets</u>						
Multi-channel subscription television	9,775	12,028	9,379	6,713	9,853	2,897

(b) Secondary reporting format - geographical segments

- Malaysia - comprises the multi-channel Direct-to-Home subscription television business, radio broadcasting services, publishing business, interactive businesses, film production business and ownership of buildings.
- Others - represents investments in businesses outside Malaysia that provides multi-channel Direct-to-Home subscription television, radio broadcasting and related consultancy and marketing services and publishing business.

In determining the geographical segments of the Group, sales are based on the geographical location in which the customers are located. Total assets, capital expenditure, film library and programme rights additions are determined based on the geographical location of the assets.

	MEASAT		AAAN Bermuda			
	Year ended 31 January		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
<u>Revenue</u>						
Malaysia	238,494	381,570	597,427	853,103	1,121,224	633,679
Others	0	3,220	11,277	2,145	8,166	2,198
Revenue	238,494	384,790	608,704	855,248	1,129,390	635,877

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

1 Segment information (continued)

(b) Secondary reporting format - geographical segments (continued)

	MEASAT		AAAN Bermuda			As at or six months ended
	As at or year ended 31 January		As at or year ended 31 January			31 July
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2003 RM'000
Total assets						
Malaysia*	1,253,004	1,018,892	976,251	869,917	1,498,908	1,485,011
Others	37,691	33,234	15,460	12,981	17,737	26,068
Total assets	1,290,695	1,052,126	991,711	882,898	1,516,645	1,511,079
Property, plant and equipment additions						
Malaysia	25,881	26,293	39,014	20,830	28,865	16,696
Others	0	0	0	0	2,967	196
Property, plant and equipment additions	25,881	26,293	39,014	20,830	31,832	16,892
Film library and programme rights additions						
Malaysia	82,995	77,369	67,466	62,239	62,642	34,566
Other intangible assets additions						
Malaysia	1,646	2,930	13,009	3,743	2,787	1,184

* Included in the assets is the satellite transponders lease capitalised. These satellite transponders are used primarily to provide the multi-channel subscription television services to subscribers in Malaysia.

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

2 Revenue

Revenue comprises the invoiced value for the sale of goods and services net of sales and service taxes, rebates and discounts, and after eliminating sales within MEASAT and AAAN Bermuda.

Revenue comprises the following:

	MEASAT		AAAN Bermuda			
	Year ended 31 January		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
Subscription fees	178,262	206,923	408,312	651,361	880,297	518,847
Advertising airtime sales						
- non-barter	38,103	61,339	97,051	126,412	163,501	77,380
- barter	0	0	447	3,655	4,098	3,181
Sale of set-top boxes	16,338	104,500	86,350	52,930	58,613	23,462
Sale of film and programme rights	4,079	9,551	9,428	8,141	5,506	2,449
Interactive and multimedia sales	0	918	3,296	3,074	6,679	3,614
Magazine sales and magazine advertising	1,019	1,293	2,274	3,603	3,944	1,555
Others	693	266	1,546	6,072	6,752	5,389
Revenue	238,494	384,790	608,704	855,248	1,129,390	635,877

3 Cost of sales

	Note	MEASAT		AAAN Bermuda			
		Year ended 31 January		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
Content and transmission costs		250,937	265,744	330,422	417,302	498,898	257,252
Costs of set-top boxes		51,033	180,951	285,179	294,235	271,280	157,472
Set-top boxes replacement expenses	28	0	0	0	0	125,844	0
Amortisation of film library and programme rights	16	83,821	97,978	89,576	84,977	98,651	16,991
Staff related costs		38,583	41,168	50,912	58,007	70,185	33,474
Cost of sales		424,374	585,841	756,089	854,521	1,064,858	465,189

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

3 Cost of sales (continued)

Content and transmission costs principally include programme provider fees, depreciation of broadcast equipment and other related costs of transmitting the Group's multi-channel subscription television and radio programmes.

4 Gain on dispute settlement

A subsidiary, MBNS and one of its major vendors were engaged in arbitration proceedings to resolve a dispute involving claims of breach of contract. On 1 June 2001, both parties agreed, on confidential terms, to settle the dispute in full and dismiss the arbitration action. As part of the settlement, a total of 200,000 set-top boxes were to be delivered to MBNS, at no cost, over a period of three years. The gain on settlement is recognised when the realisation of income is virtually certain.

The gain on settlement in relation to set-top boxes which has yet to be recognised is as follows:

	MEASAT		AAAN Bermuda			
	As at 31 January		As at 31 January			As at
	1999	2000	2001	2002	2003	31 July
	RM'000	RM'000	RM'000	RM'000	RM'000	2003
						RM'000
Gain on dispute settlement yet to be recognised	0	0	0	71,509	24,015	900

5 Gain on termination of transponders finance lease on MEASAT- 2

On 30 January 2000, the MEASAT-2 finance lease was terminated. The gain represents the difference between the remaining finance lease obligation of RM395.2 million and the net book amount of the transponders lease capitalised of RM237.8 million, net of termination fees charged by the lessor of RM59.5 million.

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

6 Administrative expenses

Administrative expenses comprise the following:

	MEASAT		AAAN Bermuda			
	Year ended 31 January		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
Bad debts written off/(back)	0	0	0	3,142	1,424	(19)
Impairment of receivables	21,286	(2,823)	2,540	5,111	6,260	3,886
Depreciation of property, plant and equipment	20,318	22,699	20,454	14,815	12,785	6,585
Insurance	4,832	7,299	11,816	12,354	12,354	7,026
Office and general expenses	6,602	11,311	12,529	8,284	9,250	5,257
Professional, consultancy and other related expenses	35,942	61,541	62,013	46,812	20,608	6,646
Rental of land and building	1,258	216	4,112	3,486	3,372	1,068
Staff costs	28,306	29,681	33,857	40,216	46,713	14,321
Utilities and telecommunication expenses	8,882	10,335	12,258	9,383	11,805	6,436
Maintenance costs	762	11,095	6,344	10,917	8,301	5,866
Collection agency commissions	0	2,015	4,000	6,463	8,203	4,647
Other administrative expenses	9,575	2,901	17,503	1,904	2,548	405
Administrative expenses	137,763	156,270	187,426	162,887	143,623	62,124

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

7 (Loss)/profit from operations

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

	Note	MEASAT		AAAN Bermuda			Six months ended 31 July
		Year ended 31 January		Year ended 31 January			
		1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	
Amortisation of other intangible assets							
- goodwill (included in administrative expenses)	17	0	0	0	0	0	15
- software costs	17	9,775	12,028	9,379	6,713	9,853	2,882
Depreciation of property, plant and equipment							
- owned assets	13	76,989	82,470	86,808	86,843	85,164	37,356
- assets under finance lease	13	54,893	49,938	21,679	21,679	21,679	10,838
Directors' remuneration	8						
- Fees		10	10	15	10	10	5
- Salaries and emoluments		0	2	0	75	255	185
Loss/(gain) on disposal of property, plant and equipment		205	3	(832)	1,461	(1,828)	(129)
Loss on disposal of other intangible assets		0	0	0	0	0	147
Impairment of property, plant and equipment							
- included in cost of sales		8,994	429	0	0	503	0
- included in administrative expenses		6,541	799	0	2,004	11	17
Rental income - land		(146)	(146)	(146)	(146)	(146)	(73)
Rental of buildings		3,028	2,677	3,285	2,659	2,545	1,241
Rental income							
- transponders		(31,673)	0	0	0	0	0
Rental of equipment		7,160	5,925	3,242	5,869	6,089	3,885
Rental of land		4,148	4,148	4,148	4,148	4,148	2,074
Staff costs	9	82,311	85,747	101,753	116,337	138,106	58,589
Waiver of finance lease obligations		(10,560)	0	0	0	0	0

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

8 Directors' remuneration

	MEASAT		AAAN Bermuda			
	Year ended 31 January		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
Aggregate fees	10	10	15	10	10	5
Salaries and emoluments	0	2	0	75	255	185
	10	12	15	85	265	190
			Fees RM'000	Salaries and emoluments RM'000	Total RM'000	
Year ended 31 January 1999						
Dato' Haji Badri Bin Haji Masri			10	0	10	
Aggregate emoluments			10	0	10	
Year ended 31 January 2000						
Dato' Haji Badri Bin Haji Masri			10	2	12	
Aggregate emoluments			10	2	12	
Year ended 31 January 2001						
Dato' Haji Badri Bin Haji Masri			15	0	15	
Aggregate emoluments			15	0	15	
Year ended 31 January 2002						
Dato' Haji Badri Bin Haji Masri			10	75	85	
Aggregate emoluments			10	75	85	
Year ended 31 January 2003						
Dato' Haji Badri Bin Haji Masri			10	75	85	
James Nivison Blomfield			0	180	180	
Aggregate emoluments			10	255	265	

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

8 Directors' remuneration (continued)

	Fees RM'000	Salaries and emoluments RM'000	Total RM'000
Six months ended 31 July 2003			
Dato' Haji Badri Bin Haji Masri	5	36	41
James Nivison Blomfield	0	149	149
Aggregate emoluments	5	185	190

James Nivison Blomfield resigned as a Director on 31 July 2003.

9 Staff costs

	MEASAT		AAAN Bermuda			
	Year ended 31 January		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
Wages and salaries	64,465	68,403	81,620	94,887	110,049	45,203
Employee benefits in kind	6,493	5,708	7,261	7,217	8,402	4,806
Social security cost	456	413	536	593	630	312
Defined contribution plans	7,340	8,008	9,473	10,428	11,580	5,425
Recruiting costs	2,193	1,343	905	870	1,161	548
Termination benefits	495	0	0	0	4,301	998
Staff training	869	1,872	1,958	2,342	1,983	1,297
Total staff costs	82,311	85,747	101,753	116,337	138,106	58,589

The Malaysian subsidiaries are required by Malaysian law to contribute a fixed percentage of each employee's salary to a publicly administered defined contribution pension plan for the employee's retirement.

The number of employees on the Group's payroll as at the end of each year/period is as follows:

	MEASAT		AAAN Bermuda			
	As at 31 January		As at 31 January			As at 31 July
	1999	2000	2001	2002	2003	2003
Total employees	1,314	1,456	1,621	1,835	1,805	1,860

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

10 Finance income/(costs) (net)

	MEASAT		AAAN Bermuda			
	Year ended 31 January		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
Interest costs:						
- Bank borrowings	(31,956)	(23,216)	(46,317)	(64,636)	(51,926)	(26,488)
- Corporate shareholder's advances	(6,222)	(5,138)	(3,127)	(6,458)	(14,276)	(6,982)
- Finance lease liabilities	(62,421)	(53,397)	(18,688)	(16,854)	(14,836)	(6,602)
- Promissory notes	0	0	(359)	(9,894)	(12,306)	(6,532)
- Rescheduled lease payments	0	16,934	(13,439)	(2,721)	(773)	0
- Vendor financing	0	(165)	(4,303)	0	(4,500)	(3,876)
	(100,599)	(64,982)	(86,233)	(100,563)	(98,617)	(50,480)
Accretion of RCPS yield	0	0	(20,911)	(37,298)	(40,116)	(20,311)
Debt service and other finance costs	(3,415)	(7,226)	(14,040)	(20,323)	(20,974)	(6,177)
	(104,014)	(72,208)	(121,184)	(158,184)	(159,707)	(76,968)
Interest income	3,799	1,673	2,828	3,297	4,486	2,837
Realised foreign exchange gains/(losses)	8,435	2,234	(1,014)	(985)	(1,051)	(30)
Unrealised foreign exchange gains/(losses)	205,918	10,990	(841)	1,206	502	363
Fair value gains/(losses) on forward exchange contracts	0	0	4	(289)	0	0
Finance income/(costs) (net)	114,138	(57,311)	(120,207)	(154,955)	(155,770)	(73,798)

11 Taxation

	Note	MEASAT		AAAN Bermuda			
		Year ended 31 January		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
Current tax		0	0	(49)	(171)	(196)	(161)
Deferred tax	15	0	0	0	0	613,000	(5,640)
		0	0	(49)	(171)	612,804	(5,801)

AAAN Bermuda Ltd has tax resident status in Malaysia and is subject to the Malaysian taxation rules and regulations. The subsidiaries are subject to their individual countries' taxation rules and regulations.

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

11 Taxation (continued)

The reconciliation between accounting (loss)/profit before taxation and the amount of tax that would arise using the Malaysian corporate tax rate is as follows:

	MEASAT		AAAN Bermuda			
	Year ended 31 January		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
(Loss)/profit from ordinary activities before taxation	(232,529)	(382,805)	(622,859)	(287,754)	(276,562)	6,268
Tax at the Malaysian corporate tax rate of 28%	65,108	107,185	174,400	80,571	77,437	(1,755)
Effect of difference in tax rate	0	0	0	0	0	(338)
Income not subject to tax	4,783	33,190	0	37,793	29,746	12,371
Unrecognised deferred tax assets	(54,811)	(106,397)	(63,380)	(93,363)	(9,075)	(2,512)
Tax effects of expenses not deductible for tax purposes	(16,741)	(36,428)	(118,269)	(25,833)	(23,476)	(14,421)
Reduction in current year/period tax expense arising from recognition of previously unrecognised benefits:						
- tax losses	0	396	6,350	630	48	254
- capital allowances	1,661	2,054	850	31	124	600
Recognition of deferred tax assets arising from recognition of previously unrecognised benefits:						
- tax losses	0	0	0	0	382,000	0
- capital allowances	0	0	0	0	117,000	0
- other temporary differences	0	0	0	0	39,000	0
Taxation (charge)/credit	0	0	(49)	(171)	612,804	(5,801)

Tax is payable by AAAN Bermuda despite a loss on operations for AAAN Bermuda because, in Malaysia, losses from companies within AAAN Bermuda are not available for set off against taxable profits of other companies within AAAN Bermuda.

Certain Malaysian subsidiaries have been awarded Multimedia Super Corridor ("MSC") status and have elected for investment tax allowances or pioneer status (5-year income tax exemption on the statutory income, renewable for a second 5-year term).

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

12 (Loss)/profit per share

Basic (loss)/profit per share of the Group is calculated by dividing the net (loss)/profit by the weighted average number of ordinary shares in issue during the year/period.

	MEASAT		AAAN Bermuda			
	Year ended 31 January		Year ended 31 January			Six months ended 31 July
	1999	2000	2001	2002	2003	2003
Net (loss)/profit (RM'000)	(232,029)	(382,805)	(622,908)	(287,905)	336,248	467
Weighted average number of ordinary shares ('000)	63,490	65,857	1,185,549	1,185,549	1,185,549	1,185,549
Basic (loss)/profit per share (sen)	(365.5)	(581.3)	(52.5)	(24.3)	28.4	* 0

* represents 0.04 sen

The diluted (loss)/profit per share is the same as basic (loss)/profit per share as there is no potential dilutive ordinary shares.

The conversion of the RCPS are contingent upon the occurrence of an Initial Public Offering, as disclosed in Note 26 in this Section and Note (v) (b) in Section I.

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

13 Property, plant and equipment

MEASAT	Buildings RM'000	*Satellite transponders RM'000	Equipment, fixtures and fittings RM'000	Broadcast and transmission equipment RM'000	Assets under construction RM'000	Total RM'000
Net book amount						
As at 31 January 1998/ 1 February 1998	167,321	554,045	81,213	288,871	61,513	1,152,963
Additions	472	0	889	5,145	19,375	25,881
Disposals/termination	0	(43,357)	(572)	(2,536)	(8,815)	(55,280)
Transfers	(2,022)	0	2,336	60,498	(60,812)	0
Depreciation charge	(5,411)	(54,893)	(17,015)	(54,563)	0	(131,882)
Impairment	0	0	(1,030)	(9,804)	(4,701)	(15,535)
As at 31 January 1999/ 1 February 1999	160,360	455,795	65,821	287,611	6,560	976,147
Additions	656	0	8,043	6,461	11,133	26,293
Disposals/termination	0	(237,847)	(233)	(58)	0	(238,138)
Transfers	0	0	3,588	10,326	(13,914)	0
Depreciation charge	(4,199)	(49,938)	(17,868)	(60,403)	0	(132,408)
Impairment	(798)	0	(182)	0	(248)	(1,228)
AAAN Bermuda						
As at 31 January 2000/ 1 February 2000	156,019	168,010	59,169	243,937	3,531	630,666
Additions	0	0	18,338	8,434	12,242	39,014
Disposals	0	0	(236)	(1)	0	(237)
Transfers	0	0	3,994	(305)	(3,689)	0
Depreciation charge	(4,262)	(21,679)	(19,696)	(62,850)	0	(108,487)
As at 31 January 2001/ 1 February 2001	151,757	146,331	61,569	189,215	12,084	560,956
Additions	92	0	5,968	2,788	11,982	20,830
Disposals	0	0	(38)	0	(1,938)	(1,976)
Transfers	0	0	1,296	10,481	(11,777)	0
Depreciation charge	(4,263)	(21,679)	(17,992)	(64,588)	0	(108,522)
Impairment	0	0	(2,004)	0	0	(2,004)
As at 31 January 2002/ 1 February 2002	147,586	124,652	48,799	137,896	10,351	469,284
Additions	497	0	9,151	7,493	14,691	31,832
Disposals	0	0	(618)	(2,592)	0	(3,210)
Transfers	1,123	0	4,343	6,471	(11,937)	0
Depreciation charge	(4,296)	(21,679)	(17,160)	(63,708)	0	(106,843)
Impairment	0	0	(385)	(129)	0	(514)
As at 31 January 2003/ 1 February 2003	144,910	102,973	44,130	85,431	13,105	390,549
Additions	3	0	7,631	3,708	5,550	16,892
Disposals	(293)	0	0	0	0	(293)
Transfer	0	0	605	11,171	(11,776)	0
Depreciation charge	(2,146)	(10,838)	(8,208)	(27,002)	0	(48,194)
Impairment	0	0	0	(17)	0	(17)
Exchange rate differences	10	0	53	0	43	106
As at 31 July 2003	142,484	92,135	44,211	73,291	6,922	359,043

22. ACCOUNTANTS' REPORT (Cont'd)



Accountants' Report

IV MEASAT and AAAN Bermuda (continued)

Notes to the consolidated financial statements (continued)

13 Property, plant and equipment (continued)

MEASAT	Buildings RM'000	*Satellite transponders RM'000	Equipment, fixtures and fittings RM'000	Broadcast and transmission equipment RM'000	Assets under construction RM'000	Total RM'000
<u>As at 31 January 1999</u>						
Cost	170,649	560,154	108,751	396,180	6,560	1,242,294
Accumulated depreciation	(10,289)	(104,359)	(42,930)	(108,569)	0	(266,147)
Net book amount	160,360	455,795	65,821	287,611	6,560	976,147
<u>As at 31 January 2000</u>						
Cost	170,475	249,305	120,080	412,591	3,531	955,982
Accumulated depreciation	(14,456)	(81,295)	(60,911)	(168,654)	0	(325,316)
Net book amount	156,019	168,010	59,169	243,937	3,531	630,666
<u>AAAN Bermuda</u>						
<u>As at 31 January 2001</u>						
Cost	170,475	249,305	135,514	420,719	12,084	988,097
Accumulated depreciation	(18,718)	(102,974)	(73,945)	(231,504)	0	(427,141)
Net book amount	151,757	146,331	61,569	189,215	12,084	560,956
<u>As at 31 January 2002</u>						
Cost	170,567	249,305	132,507	433,988	10,351	996,718
Accumulated depreciation	(22,981)	(124,653)	(83,708)	(296,092)	0	(527,434)
Net book amount	147,586	124,652	48,799	137,896	10,351	469,284
<u>As at 31 January 2003</u>						
Cost	172,187	249,305	136,457	425,654	13,105	996,708
Accumulated depreciation	(27,277)	(146,332)	(92,327)	(340,223)	0	(606,159)
Net book amount	144,910	102,973	44,130	85,431	13,105	390,549
<u>As at 31 July 2003</u>						
Cost	171,879	249,305	144,684	440,233	6,922	1,013,023
Accumulated depreciation	(29,395)	(157,170)	(100,473)	(366,942)	0	(653,980)
Net book amount	142,484	92,135	44,211	73,291	6,922	359,043

* MEASAT and AAAN Bermuda recognised the satellite transponders under a finance lease as disclosed in Note 25(h).

Included in the cost of broadcast and transmission equipment of MEASAT and AAAN Bermuda are interest capitalised amounted to RM4.9 million and RM0.3 million for the years ended 31 January 1999 and 2000 respectively.

The amount of property, plant and equipment which are pledged as security against the bank financing facilities are disclosed in Note 25(g).