(viii) Financing costs

We had total borrowings and finance lease liabilities of RM3,693.5 million as at 30 April 2012, comprising short term liabilities of RM33.6 million and long term liabilities of RM3,660.0 million. Our floating rate borrowings and our foreign currency denominated borrowings are hedged. As at 30 April 2012, our cash and bank balances were RM479.1 million.

In addition, certain of our credit facilities contain covenants which may limit our operating and financing activities.

Our deferred payment arrangements with respect to our set-top boxes purchases entail the issuance of promissory notes or letters of credit, as applicable, to the suppliers upon receipt of invoice or prior to delivery. The suppliers then indorse these promissory notes or present the letters of credit to the banks to receive payment. We are only required to make periodic interest payments up to the maturity of the applicable promissory note or letter of credit at the end of a 24 or 36-month period, as applicable, at which point the principal amount is due. As at 30 April 2012, such vendor financing for our set-top boxes amounted to RM536.0 million and is reflected in our balance sheet under "payables".

(ix) Foreign exchange fluctuations

Our functional currency for financial reporting purposes is RM, and substantially all of our revenue is denominated in RM. Our purchases of set-top boxes, international content costs and transponder lease payments are denominated mainly in USD. As such, the movement of the USD against the RM may have a significant effect on our financial condition and results of operations. A depreciation of the RM against the USD could increase the costs of equipment and content necessary for the operation of our business. Conversely, an appreciation of the RM against the USD may reduce the costs of such equipment and content in RM terms.

12.2.3 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with FRS and MFRS, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires our Directors to exercise their judgment in the process of applying our Group's and Company's accounting policies. Although these estimates and judgment are based on our Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 of Section II of the Accountant's Report set out in Section 13 of this Prospectus.

12.2.4 Selected significant accounting policies

Revenue recognition

We predominantly recognise revenue from subscription fees, airtime revenue, and advertising revenue.

Subscription fees derived from pay-TV services are recognised as earned over the period the services are provided. Subscription fees invoiced prior to services being provided are recognised as unearned revenue.

Airtime revenue, derived from the placement of commercials on our TV channels is recognised in the period during which the commercials are aired.

Airtime and multimedia advertising revenues is recognised upon the broadcast of commercials on radio stations or the posting of advertisements on websites, respectively, net of service tax and discounts.

Advertising revenue from the sale of advertising space in magazines is recognised in the period during which the advertisements are published.

Certain advertising revenue is generated in barter transactions in exchange for equipment, goods or services, provided by the advertisers. Such revenues is recorded at the estimated fair market value of the equipment, goods and services received.

The revenue is recognised over the period of the contracts as the commercials are aired or published. The equipment and goods received are recorded at the fair market value as assets when the equipment and goods qualify for asset recognition or they are otherwise expensed. Services received in exchange for the Group's services are expensed over the service period.

Revenue from the sale of non-Astro B.yond set-top boxes is recognised in the period the set-top boxes are delivered as ownership is transferred to the customer upon delivery. Astro B.yond set-top boxes, on the other hand, are not sold, as ownership of these boxes remains with us, as disclosed in Note 3.2 of Section II of the Accountants' Report set out in Section 13 of this Prospectus.

Revenue from the provision of film library and programme rights to a licensee is recognised in the period the rights are available to the licensee.

Fees from the development of multimedia and interactive applications are recognised over the contractual period in which the development takes place. Fees from the right to access multimedia and interactive applications are recognised over the period in which the services are provided.

Interest income is recognised using the effective interest method.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated on a straight line basis to write off the cost of each asset to the residual value over its estimated useful life. 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
Satellite transponders	15 years
Equipment, fixtures and fittings	4 - 10 years
Broadcast and transmission equipment	3 - 10 years

Freehold land is not depreciated as it has an unlimited useful life.

Broadcast and transmission equipment mainly comprises Astro B.yond set-top boxes used to provide our HD services to our subscribers. These specific Astro B.yond set-top boxes remain as our property after installation, and are recoverable if the subscriber contract is terminated. The Astro B.yond set-top boxes are capitalised and depreciated over their useful economic life of three years, which is based on management's judgment of the risk of technical obsolescence and expected churn rates. Due to the inherent difficulty of making the estimate, the estimated useful life of the Astro B.yond set-top boxes may change based on, among other things, change in technology as well as responses to competitive conditions.

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

At each balance sheet date, we assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. A write down is made if the carrying amount exceeds the recoverable amount. Please refer to Note 3.6 of Section II of the Accountants' Report set out in Section 13 of this Prospectus on impairment of non-financial assets.

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

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

Finance leases

Leases of property, plant and equipment where we assume 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 liability and finance charges so as to achieve a periodic constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included as part of borrowings.

Assets acquired under finance leases are depreciated according to our depreciation policy on property, plant and equipment.

Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition of a subsidiary/associate/jointly controlled entity over the fair value of our share of the net identifiable assets of the acquired subsidiary/associate/jointly controlled entity at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of investments accounted for using the equity method is included in the investments. Goodwill is not amortised, but is subject to an annual review for impairment and carried at cost less accumulated impairment losses. Any impairment is charged to the income statement as it arises. The calculation of the gains and losses on disposal takes into account the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. Please refer to Note 4(c) of Section II of the Accountants' Report set out in Section 13 of this Prospectus on impairment test for goodwill.

(ii) Software development

No amortisation is calculated on software development until the software is completed and is ready for its intended use.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as and when incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

At each balance sheet date, we assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Please refer to Note 3.6 of Section II of the Accountants' Report set out in Section 13 of this Prospectus on impairment of non-financial assets.

(iii) Brands

Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands have indefinite useful lives and are not amortised, but are subject to annual review for impairment and carried at cost less accumulated impairment losses. Any impairment is charged to the income statement as it arises.

The useful lives of our radio brands are estimated to be indefinite due to the brands' strong position in the market and the clear precedents of similar radio companies which have adopted an indefinite life for the radio brands. We believe there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for us.

(iv) Programme rights

The programme rights comprise rights licensed from third parties and programmes produced for us and production in progress with the primary intention to broadcast in the normal course of our operating cycle. The rights are stated at cost less accumulated amortisation.

We amortise programme rights based on an accelerated basis over the licence period, or the programme rights' estimated useful life if shorter, from the date of first transmission, to match the costs of consumption with the estimated benefits to be received. The estimated benefits to be received are based on our management's estimate of the number of times a programme will be broadcast and the relative value associated with each broadcast. Amortisation is included in cost of sales. The amortisation period is not more than three years.

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

At each balance sheet date, we assess whether there is any indication of impairment to programme rights. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Please refer to Note 3.6 of Section II of the Accountants' Report set out in Section 13 of this Prospectus on impairment of non-financial assets.

Contingent liabilities and assets

We do not recognise a contingent liability but disclose its existence in the consolidated financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond our control or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond our control. We disclose the existence of contingent assets where inflows of economic benefits are probable, but not certain.

Provisions

Provisions are recognised when we have a present legal or constructive obligation as a result of past events, when it is more likely than not that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

We document at the inception of the transaction the relationship between hedging instruments and hedged items, as well as our risk management objectives and strategy for undertaking various hedging transactions. We also document our assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of the various derivative instruments used for hedging purposes are disclosed in Note 24 of Section III(b) of the Accountants' Report set out in Section 13 of this Prospectus. The movements on the hedging reserve in shareholders' equity are shown in the Statements of Changes in Equity of the Accountants' Report set out in Section 13 of this Prospectus. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

(i) Cash flow hedges

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. However, when a forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(ii) Derivatives at fair value through profit or loss

Changes in the fair value of derivative financial instrument that do not qualify for hedge accounting are recognised in the income statement as they arise.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in the income statement.

(The rest of this page has been intentionally left blank)

12.2.5 Segment information

Revenue

The following table sets forth the revenue of the respective entities within our Group and also such revenue expressed as a percentage of total revenue of our Group. The revenue of the respective entities listed below is audited for the financial years ended 31 January 2010, 2011 and 2012 and unaudited for the three month financial periods ended 30 April 2011 and 2012. Total revenue is based on our pro forma revenue for the financial years ended 31 January 2010, 2011, 2012 and the three month financial period ended 30 April 2011, and based on our audited revenue for the three month financial period ended 30 April 2012.

	Financial year ended 31 January						Three month financial period ended 30 April			
	2010		2011		2012		2011		2012	
	RM 000	%	RM 000	%	RM 000	%	RM 000	%	RM 000	%
TV segment										
MBNS	2,959,781	91.3	3,372,027	92.0	3,758,722	96.7	844,296	92.9	956,611	97.0
Astro Brunei	-	-	-	-	-	-	-	-	-	-
Astro Productions	79,796	2.5	96,540	2.6	140,103	3.6	28,952	3.2	28,929	2.9
Astro Shaw	353	0.0	232	0.0	1,109	0.0	797	0.1	-	-
Tayangan Unggul	8,519	0.3	6,869	0.2	5,688	0.1	2,121	0.2	567	0.1
Karya Anggun	75	0.0	-	0.0	-	-	-	-	-	-
Nusantara Films	352	0.0	2,964	0.1	5,754	0.1	116	0.0	541	0.1
Maestro Talent and Management	580	0.0	-	-	-	-	-	-	-	-
Astro Arena	-	-	47,919	1.3	63,638	1.6	14,066	1.5	17,558	1.8
Astro Awani Network	-	-	-	-	30,280	0.8	-	-	11,061	1.1
Astro Entertainment	138,443	4.3	200,085	5.5	63,403	1.6	30,872	3.4	6,657	0.7
Inter-company eliminations	(149,105)	(4.6)	(282,519)	(7.7)	(459,046)	(11.8)	(67,895)	(7.5)	(91,996)	(9.3)
	3,038,794	93.7	3,444,117	94.0	3,609,651	92.8	853,325	93.9	929,928	94.3

12. FINANCIAL INFORMATION (*cont'd*)

	Financial year ended 31 January						Three month financial period ended 30 April			
	2010		2011		2012		2011		2012	
	RM 000	%	RM 000	%	RM 000	%	RM 000	%	RM 000	%
Radio segment										
Astro Radio	105,787	3.3	104,083	2.8	117,291	3.0	24,566	2.7	26,155	2.7
Maestra Broadcast	66,734	2.1	48,914	1.3	50,956	1.3	10,551	1.2	10,477	1.1
MEASAT Radio Communications	81,100	2.5	84,534	2.3	100,636	2.6	21,704	2.4	22,790	2.3
Radio Lebuhraya	14,437	0.4	15,398	0.4	14,716	0.4	3,118	0.3	3,591	0.4
DVR Player.Com	-	-	-	-	-	-	-	-	-	-
Perfect Excellence Waves	17,517	0.5	30,359	0.8	36,204	0.9	6,764	0.7	8,059	0.8
Inter-company eliminations	(108,702)	(3.4)	(108,026)	(2.9)	(120,363)	(3.1)	(25,010)	(2.8)	(27,558)	(2.8)
	176,873	5.5	175,262	4.8	199,440	5.1	41,693	4.6	43,514	4.4
Others										
MBNS Multimedia Technologies	-	-	-	-	-	-	-	-	-	-
MEASAT Digicast	16,555	0.5	16,555	0.5	3,089	0.1	2,837	0.3	-	-
Astro Malaysia	-	-	-	-	942,423	24.2	-	-	321,108	32.6
Astro Group Services	-	-	-	-	41,577	1.1	2,674	0.3	8,081	0.8
Astro Publications	27,344	0.8	32,416	0.9	28,871	0.7	6,649	0.7	6,368	0.6
Astro Digital	-	-	-	-	-	-	-	-	-	-
Astro Digital 5	25,490	0.8	27,105	0.7	47,847	1.2	9,650	1.1	5,799	0.6
Inter-company eliminations	(42,722)	(1.3)	(31,390)	(0.9)	(984,097)	(25.3)	(8,462)	(0.9)	(328,770)	(33.3)
	26,667	0.8	44,686	1.2	79,710	2.0	13,348	1.5	12,586	1.3
Total	3,242,334	100.0	3,664,065	100.0	3,888,801	100.0	908,366	100.0	986,028	100.0

Profit and loss

The following table sets forth the profit/(loss) before taxation of the respective entities within our Group and also such profit/(loss) before taxation expressed as a percentage of total PBT of our Group. The profit/(loss) before taxation of the respective entities listed below is audited for the financial years ended 31 January 2010, 2011 and 2012 and unaudited for the three month financial periods ended 30 April 2011 and 2012. Total PBT is based on our pro forma PBT for the financial years ended 31 January 2010, 2011 and 2012 and the three month financial period ended 30 April 2011, and based on our audited PBT for the three month financial period ended 30 April 2012.

	Financial year ended 31 January						Three month financial period ended 30 April			
	2010		2011		2012		2011		2012	
	RM 000	%	RM 000	%	RM 000	%	RM 000	%	RM 000	%
TV segment										
MBNS	667,336	83.3	999,697	91.7	999,500	115.6	262,111	99.5	190,829	111.0
Astro Brunei	41	0.0	(579)	(0.1)	(73)	0.0	(10)	0.0	(34)	0.0
Astro Productions	(6,948)	(0.9)	9,586	0.9	(8,760)	(1.0)	2,639	1.0	(10,093)	(5.9)
Astro Shaw	(2,483)	(0.3)	(876)	(0.1)	(3,783)	(0.4)	(224)	(0.1)	(979)	(0.6)
Tayangan Unggul	(4,853)	(0.6)	(2,016)	(0.2)	(3,328)	(0.4)	743	0.3	(133)	(0.1)
Karya Anggun	(2,528)	(0.3)	(67)	0.0	(197)	0.0	(28)	0.0	(32)	0.0
Nusantara Films	(1,098)	(0.1)	278	0.0	865	0.1	63	0.0	443	0.3
Maestro Talent and Management	(1,449)	(0.2)	259	0.0	(59)	0.0	(23)	0.0	(1)	0.0
Astro Arena	(2,914)	(0.4)	5,791	0.5	(17,663)	(2.0)	(4,890)	(1.9)	(2,492)	(1.4)
Astro Awani Network	(1)	0.0	17	0.0	4,748	0.5	-	-	563	0.3
Astro Entertainment	69,758	8.7	2,883	0.3	363,302	42.0	354,577	134.6	4,119	2.4
	714,861	89.2	1,014,973	93.1	1,334,552	154.4	614,958	233.4	182,190	106.0

12. FINANCIAL INFORMATION *(cont'd)*

	Financial year ended 31 January						Three month financial period ended 30 April			
	2010		2011		2012		2011		2012	
	RM 000	%	RM 000	%	RM 000	%	RM 000	%	RM 000	%
Radio segment										
Astro Radio	76,075	9.5	72,881	6.7	75,543	8.7	15,443	5.9	15,866	9.2
Maestra Broadcast	2,230	0.3	(1,457)	(0.1)	(2,866)	(0.3)	(1,959)	(0.7)	(1,841)	(1.1)
MEASAT Radio Communications	8,628	1.1	8,237	0.8	10,450	1.2	806	0.3	1,334	0.8
Radio Lebuhraya	(3,141)	(0.4)	(1,630)	(0.1)	(2,390)	(0.3)	(644)	(0.2)	(503)	(0.3)
DVR Player.Com	(1)	0.0	(1)	0.0	(5)	0.0	-	0.0	-	-
Perfect Excellence Waves	(217)	0.0	3,988	0.4	5,849	0.7	697	0.3	1,132	0.7
	83,574	10.4	82,018	7.5	86,581	10.0	14,343	5.4	15,988	9.3
Others										
MBNS Multimedia Technologies	(78)	0.0	(49)	0.0	(127)	0.0	(14)	0.0	(49)	0.0
MEASAT Digicast	8,759	1.1	8,029	0.7	198,583	23.0	186,864	70.9	(241)	(0.1)
Astro Malaysia	-	-	-	-	928,722	107.5	-	-	317,066	184.4
Astro Group Services	(4)	0.0	(4)	0.0	(3,640)	(0.4)	(6,821)	(2.6)	4,406	2.6
Astro Publications	384	0.0	4,589	0.4	1,824	0.2	279	0.1	403	0.2
Astro Digital	-	-	(2)	0.0	(25)	0.0	-	-	28	0.0
Astro Digital 5	(3,206)	(0.4)	(18,158)	(1.7)	(7,586)	(0.9)	(3,331)	(1.3)	(2,930)	(1.7)
	5,855	0.7	(5,595)	(0.5)	1,117,751	129.3	176,977	67.2	318,683	185.4
Inter-company eliminations	(2,999)	(0.4)	(893)	(0.1)	(1,674,559)	(193.7)	(542,816)	(206.0)	(344,960)	(200.7)
Total	801,291	100.0	1,090,503	100.0	864,325	100.0	263,462	100.0	171,901	100.0

12.2.6 Selected operational data

The following table sets forth selected operational data for the years/period indicated.

	As at/financial year ended 31 January			As at/three month financial period ended 30 April
	2010	**2011**	**2012**	**2012**
Pay-TV residential subscribers (000)	2,930	2,931	3,067	3,108
MAT Churn – residential subscribers (%)	11	10	7	8
Residential ARPU (RM)	82	85	89	91
Customer acquisition cost per new pay-TV residential subscriber (RM)	691	630	636	596
HD service take-up (000)	24	304	772	926
HD service take-up as a percentage of pay-TV residential subscribers (%)	1	10	25	30

12.2.7 Components of results of operations

The components of our results of operations are as follows:

(i) Revenue

For the financial years ended 31 January 2010, 2011 and 2012 and the three month financial period ended 30 April 2011 and 2012, our pro forma and audited revenue was mainly derived from our pay-TV segment.

Our pro forma revenue for the financial years ended 31 January 2010, 2011 and 2012 and the three month financial period ended 30 April 2011 was RM3,242.3 million, RM3,664.1 million, RM3,888.8 million and RM908.4 million, respectively while our audited revenue for the three month financial period ended 30 April 2012 was RM986.0 million.

The principal components of our pro forma revenue for the financial years ended 31 January 2010, 2011 and 2012 and the three month financial period ended 30 April 2011 and our audited revenue for the three month financial period ended 30 April 2012 are discussed below.

Revenue by principal segments

The following table sets forth our revenue by principal segments for the years/periods indicated.

	Pro forma								Audited	
	Financial year ended 31 January						Three month financial period ended 30 April			
	2010		2011		2012		2011		2012	
	RM 000	%	RM 000	%	RM 000	%	RM 000	%	RM 000	%
TV segment	3,038,794	93.7	3,444,117	94.0	3,609,651	92.8	853,325	93.9	929,928	94.3
Radio segment	176,873	5.5	175,262	4.8	199,440	5.1	41,693	4.6	43,514	4.4
Others[(1)]	26,667	0.8	44,686	1.2	79,710	2.0	13,348	1.5	12,586	1.3
Total	3,242,334	100.0	3,664,065	100.0	3,888,801	100.0	908,366	100.0	986,028	100.0

Note:

(1) Comprise operations related to managed services, magazine publication and distribution, digital services and corporate function.

TV segment

The following table sets forth the components of our revenue from the TV segment for the years/periods indicated:

	Pro forma								Audited	
	Financial year ended 31 January						Three month financial period ended 30 April			
	2010		2011		2012		2011		2012	
	RM 000	%	RM 000	%	RM 000	%	RM 000	%	RM 000	%
Subscription	2,788,685	91.8	3,072,090	89.2	3,273,098	90.7	779,579	91.4	868,642	93.4
Airtime sales[(1)]	147,925	4.9	231,724	6.7	251,472	7.0	49,565	5.8	49,587	5.3
Others[(2)]	102,184	3.4	140,303	4.1	85,081	2.4	24,181	2.8	11,699	1.3
	3,038,794	100.0	3,444,117	100.0	3,609,651	100.0	853,325	100.0	929,928	100.0

Notes:

(1) Airtime sales attributable to MBNS for the financial years ended 31 January 2010, 2011 and 2012 and for the three month financial periods ended 30 April 2011 and 2012 were RM143.0 million, RM216.4 million, RM251.4 million, RM49.6 million and RM49.3 million, respectively.

(2) Mainly comprise sales of programme rights and theatrical revenue.

The TV segment recognises revenue principally from subscription fees, airtime sales, sales of programme rights and theatrical revenue.

Most subscriptions are from residential subscribers, but we also provide subscription services to commercial establishments, such as restaurants, lounges and hotels.

Pay-per-view fees are also included in our subscription fee revenue. Revenue derived from subscription fees is a function of the number of subscribers, the number of subscriptions per subscriber, the mix of programming packages selected by subscribers, the volume of pay-per-view programmes taken up and the rates charged for these services.

Revenue from airtime sales is a function of demand for airtime by advertisers, the spot rate at which we can sell available airtime and our ability to attract audiences with demographic elements that are attractive to advertisers.

The TV segment also derives other revenue from the sales of programme rights related to our in-house productions, sub-licences for the purchase of certain purchased programme rights and theatrical revenue.

Radio segment

The following table sets forth our revenue from the radio segment for the years/periods indicated:

	Pro forma				Audited
	Financial year ended 31 January			Three month financial period ended 30 April	
	2010	2011	2012	2011	2012
			RM 000		
Radio segment	176,873	175,262	199,440	41,693	43,514

Substantially all of the radio segment's revenue is derived from airtime sales on our nine terrestrial FM stations. Revenue is a function of demand for airtime by advertisers and the spot rate at which we can sell available airtime and our ability to attract audiences with demographic elements that are attractive to advertisers. This revenue is enhanced by the sale of integrated promotions to clients in the form of on-air, on-the-street and on-line campaigns. Airtime sales are often packaged so that multiple advertisements are sold to each advertiser on numerous radio channels and through Internet websites of our nine terrestrial FM stations.

(ii) Cost of sales

Our cost of sales mainly comprise content costs, staff related costs, depreciation and amortisation and set-top box and smartcard costs.

Our pro forma cost of sales for the financial years ended 31 January 2010, 2011 and 2012 and the three month financial period ended 30 April 2011 was RM1,934.0 million, RM2,000.4 million, RM2,236.6 million and RM522.2 million, respectively and our audited cost of sales for the three month financial period ended 30 April 2012 was RM585.0 million.

The following table sets forth the principal components of our cost of sales and such costs expressed as a percentage of our total cost of sales, for the years/periods indicated:

	Pro forma								Audited	
	Financial year ended 31 January						Three month financial period ended 30 April			
	2010		2011		2012		2011		2012	
	RM 000	%	RM 000	%	RM 000	%	RM 000	%	RM 000	%
Content costs	1,052,325	54.4	1,101,568	55.1	1,153,994	51.6	285,341	54.6	304,709	52.1
Staff related costs	145,295	7.5	211,740	10.6	250,437	11.2	56,229	10.8	63,134	10.8
Depreciation and amortisation	139,681	7.2	250,371	12.5	351,331	15.7	80,166	15.4	106,545	18.2
Set-top box and smartcard costs	379,364	19.6	151,904	7.6	124,010	5.5	24,205	4.6	31,831	5.4
Licences, copyrights and royalty fee	30,878	1.6	33,457	1.7	54,205	2.4	8,737	1.6	13,793	2.4
Professional and consultancy fees	22,892	1.2	29,893	1.5	68,757	3.1	13,938	2.7	12,481	2.1
Collection agency commission	29,596	1.5	41,290	2.1	48,666	2.2	12,078	2.3	10,535	1.8
Maintenance cost	20,127	1.0	32,318	1.6	41,593	1.9	7,213	1.4	7,220	1.2
Other cost of sales	113,816	5.9	147,828	7.4	143,620	6.4	34,267	6.6	34,741	6.0
Cost of sales	1,933,974	100.0	2,000,369	100.0	2,236,613	100.0	522,174	100.0	584,989	100.0

The principal components of our cost of sales are set forth below.

(a) Content costs

Content costs comprise programme provider fees, amortisation of programme rights and production costs.

(b) Staff related costs

Staff related costs mainly comprise wages and salaries, defined contribution plans, staff welfare and allowances and employee benefits-in-kind.

(c) Depreciation and amortisation

Depreciation and amortisation comprise the depreciation for the capitalised cost of the Astro B.yond set-top boxes and depreciation for other property, plant and equipment such as satellite transponders, equipment, fixtures and fittings.

The depreciation and amortisation expenses have increased for the financial years ended 31 January 2011 and 2012, primarily due to an increase in the deployment of Astro B.yond set-top boxes for the financial years ended 31 January 2011 and 2012, due to an increase in the take-up of HD services by our new and existing subscribers as well as the conversion of our existing subscribers to Astro B.yond set-top boxes which commenced in the financial year ended 31 January 2010.

(d) Set-top box and smartcard costs

Set-top box and smartcard costs mainly comprise installation costs and the costs of non-Astro B.yond set-top boxes provided to subscribers and smartcard rentals.

The set-top box and smartcard costs have decreased for the financial years ended 31 January 2011 and 2012, primarily due to a reduction in the deployment of SD set-top boxes following the introduction of Astro B.yond set-top boxes. SD set-top boxes are sold to subscribers and the costs are expensed when they are sold.

(e) Licences, copyrights and royalty fees

Licences, copyrights and royalty fees mainly comprise broadcast fees paid to regulators, browser licence fees, royalties paid for music copyrights and recording services fees.

(f) Professional and consultancy fees

Professional and consultancy fees mainly comprise fees paid to consultants, fees paid for managed services as well as legal and stamping fees.

Our professional and consultancy fees increased for the financial year ended 31 January 2012 because we engaged the services of professional advisers and consultants for a price revision exercise and customer relationship management system enhancement.

(g) Collection agency commission

Collection agency commission comprise commission paid to debt collection agencies for services rendered in following up on outstanding receivables.

(h) Maintenance cost

Maintenance costs comprise costs incurred in restoring and upkeeping infrastructure and equipment such as platforms, software and website.

(i) Other cost of sales

Other cost of sales primarily comprise telecommunication services related charges and expenses, transmission costs and office and general expenses.

(iii) Gross profit

Our gross profit is the difference between our revenue, which is discussed in Section 12.2.7(i) of this Prospectus, and our cost of sales which is discussed in Section 12.2.7(ii) of this Prospectus.

Our pro forma gross profit for the financial years ended 31 January 2010, 2011 and 2012 and the three month financial period ended 30 April 2011 was RM1,308.4 million, RM1,663.7 million, RM1,652.2 million and RM386.2 million, respectively and our audited gross profit for the three month financial period ended 30 April 2012 was RM401.0 million.

(iv) Other operating income

Other operating income mainly comprises gains from disposal of property, plant and equipment, playout channel fee, subtitling revenue and other miscellaneous income.

Our pro forma other operating income for the financial years ended 31 January 2010, 2011 and 2012 and the three month financial period ended 30 April 2011 was RM22.9 million, RM27.4 million, RM27.2 million and RM8.1 million, respectively and our audited other operating income for the three month financial period ended 30 April 2012 was RM7.0 million.

(v) Marketing and distribution costs

Marketing and distribution costs mainly comprise advertising expenses, supply-chain management costs and staff costs relating to sales and marketing personnel.

Our pro forma marketing and distribution costs for the financial years ended 31 January 2010, 2011 and 2012 and the three month financial period ended 30 April 2011 was RM282.7 million, RM316.0 million, RM323.0 million and RM57.5 million, respectively and our audited marketing and distribution for the three month financial period ended 30 April 2012 was RM90.2 million.

(vi) Administrative expenses

Administrative expenses mainly comprise rental expenses, staff costs, professional and consultancy fees and depreciation and amortisation. Staff related costs comprise wages and salaries, defined contribution plans, staff welfare and allowances, and employee benefits-in-kind incurred for administrative staff. Professional and consultancy fees mainly comprise management consultancy fee, professional fees incurred in relation to the implementation of the customer relationship management system and legal and stamping fees. Depreciation and amortisation mainly comprise depreciation on computer hardware and amortisation of computer software.

Our pro forma administrative expenses for the financial years ended 31 January 2010, 2011 and 2012 and the three month financial period ended 30 April 2011 was RM244.5 million, RM308.2 million, RM366.1 million and RM77.0 million, respectively and our audited administrative expenses for the three month financial period ended 30 April 2012 was RM100.1 million.

Pro forma administrative expenses for the financial year ended 31 January 2010 was reduced by a write-back of provision for doubtful debts. In addition, the significant capital expenditure incurred for the customer relationship management system in the financial year ended 31 January 2011 contributed to higher amortisation of software in the financial year ended 31 January 2012, resulting in a higher pro forma administrative expenses.

(vii) Finance income

Finance income mainly comprises interest from deposits and foreign exchange gains.

Our pro forma finance income for the financial years ended 31 January 2010, 2011 and 2012 and the three month financial period ended 30 April 2011 was RM69.1 million, RM119.4 million, RM68.7 million and RM27.5 million, respectively and our audited finance income for the three month financial period ended 30 April 2012 was RM22.9 million.

(viii) Finance costs

Finance costs mainly comprise interest expense from borrowings, interest expense from vendor financing, foreign exchange losses, and fair value losses on derivatives.

Our pro forma finance costs for the financial years ended 31 January 2010, 2011 and 2012 and the three month financial period ended 30 April 2011 was RM70.9 million, RM93.7 million, RM194.7 million and RM22.9 million, respectively and our audited finance costs for the three month financial period ended 30 April 2012 was RM69.2 million.

In the financial year ended 31 January 2012, we drew down term loans of RM3,004.6 million, resulting in an increase in interest expenses for the financial year ended 31 January 2012.

(ix) Share of post tax results from investments accounted for using the equity method

Our share of post tax results from investments accounted for using the equity method is dependent on the results of our associates and jointly controlled entities. On a pro forma basis, our associates consist of Kristal-Astro, Advanced Wireless Technologies and UMTS (Malaysia), and our jointly controlled entities are Endemol Malaysia and Nusantara Edaran Filem. Please refer to Section 6.3 of this Prospectus for further details on our associates and jointly controlled entities.

The results of operations of our associates and jointly controlled entities are accounted for under the equity method as share of results from an associate or a jointly controlled entity, as applicable, and are not consolidated in our pro forma consolidated financial statements.

Our pro forma share of post tax losses from investments accounted for using the equity method for the financial years ended 31 January 2010, 2011 and 2012 and the three month financial period ended 30 April 2011 was RM1.0 million, RM2.2 million, RM0.1 million and RM0.9 million, respectively. Our audited share of post tax profits from investments accounted for using the equity method for the three month financial period ended 30 April 2012 was RM0.5 million.

(x) Tax expense

Tax expense comprises current and deferred tax.

Our pro forma tax expense for the financial years ended 31 January 2010, 2011 and 2012 and the three month financial period ended 30 April 2011 was RM187.4 million, RM263.0 million, RM234.7 million and RM67.2 million, respectively and our audited tax expense for the three month financial period ended 30 April 2012 was RM48.5 million.

12.2.8 Results of operations

Three month financial period ended 30 April 2012 (audited) compared to three month financial period ended 30 April 2011 (pro forma)

The following discussion is based upon our historical audited consolidated income statement for the three month financial period ended 30 April 2012 and the pro forma consolidated income statement for the three month financial period ended 30 April 2011, which have been prepared based on our Group structure as at 30 April 2012, and on the assumption that our Group had been in existence throughout the financial period under review. The pro forma financial statements are set out in Section 12.1 of this Prospectus.

Revenue

Revenue increased by RM77.6 million, or 8.5%, from RM908.4 million for the three month financial period ended 30 April 2011 to RM986.0 million for the three month financial period ended 30 April 2012. This increase was primarily attributable to the increase in revenue from the TV segment, which accounted for 94.3% of total revenue for the three month financial period ended 30 April 2012.

<u>TV</u>
Total revenue for the TV segment increased by RM76.6 million, or 9.0%, from RM853.3 million for the three month financial period ended 30 April 2011 to RM929.9 million for the three month financial period ended 30 April 2012. This increase was primarily attributable to an increase in subscription revenue.

Subscription revenue increased by RM89.0 million, or 11.4%, from RM779.6 million for the three month financial period ended 30 April 2011 to RM868.6 million for the three month financial period ended 30 April 2012. This increase was primarily attributable to the increase in the pay-TV residential subscriber base with a net addition of approximately 41,000 residential subscribers for the three month financial period ended 30 April 2012, which reflected a gross addition of approximately 118,000 residential subscribers and MAT Churn rate of 8% during the period, as well as an increase in Residential ARPU from RM86 for the three month financial period ended 30 April 2011 to RM91 for the three month financial period ended 30 April 2012 following the introduction of package bundling (Super Packs) in May 2011, an increase in the purchase of movies on Astro First and an upward pricing revision of some of our packages in July 2011.

In addition, revenue from airtime sales remained relatively unchanged at RM49.6 million for the three month financial period ended 30 April 2011 and 30 April 2012.

Other TV revenue decreased by RM12.5 million, or 51.7%, from RM24.2 million for the three month financial period ended 30 April 2011 to RM11.7 million for the three month financial period ended 30 April 2012. This decrease was primarily attributable to a decrease in sales of programme rights and theatrical revenue for the three month financial period ended 30 April 2012.

Radio

Total revenue from the radio segment increased by RM1.8 million, or 4.3%, from RM41.7 million for the three month financial period ended 30 April 2011 to RM43.5 million for the three month financial period ended 30 April 2012. This increase was primarily attributable to a general increase in advertising sales.

Others

Total revenue from other operating segments decreased by RM0.7 million, or 5.3%, from RM13.3 million for the three month financial period ended 30 April 2011 to RM12.6 million for the three month financial period ended 30 April 2012. This decrease was primarily attributable to lower revenue contributed by the digital services business.

Cost of sales

Cost of sales increased by RM62.8 million, or 12.0%, from RM522.2 million for the three month financial period ended 30 April 2011 to RM585.0 million for the three month financial period ended 30 April 2012. This increase was primarily attributable to an increase in content costs, depreciation and amortisation, staff related costs and set-top box and smartcard costs.

Content costs increased by RM19.4 million, or 6.8%, from RM285.3 million for the three month financial period ended 30 April 2011 to RM304.7 million for the three month financial period ended 30 April 2012. This increase was primarily attributable to the introduction of additional HD and SD channels.

Depreciation and amortisation increased by RM26.3 million, or 32.8%, from RM80.2 million for the three month financial period ended 30 April 2011 to RM106.5 million for the three month financial period ended 30 April 2012. This increase was primarily attributable to depreciation arising from the Astro B.yond set-top boxes.

Staff related costs increased by RM6.9 million, or 12.3%, from RM56.2 million for the three month financial period ended 30 April 2011 to RM63.1 million for the three month financial period ended 30 April 2012. This increase was primarily attributable to an increase in headcount and overall compensation levels.

Set-top box and smartcard costs increased by RM7.6 million, or 31.4%, from RM24.2 million for the three month financial period ended 30 April 2011 to RM31.8 million for the three month financial period ended 30 April 2012. This increase was primarily attributable to higher installation costs as a result of higher volume of set-top boxes being installed as we migrated our subscribers to Astro B.yond set-top boxes.

Gross profit

As a result of the foregoing, our gross profit increased by RM14.8 million, or 3.8%, from RM386.2 million for the three month financial period ended 30 April 2011 to RM401.0 million for the three month financial period ended 30 April 2012.

Other operating income

Other operating income decreased by RM1.1 million, or 13.6%, from RM8.1 million for the three month financial period ended 30 April 2011 to RM7.0 million for the three month financial period ended 30 April 2012. This decrease was primarily attributable to a cessation of managed services charged to related companies in the previous financial period.

Marketing and distribution costs

Total marketing and distribution costs increased by RM32.7 million, or 56.9%, from RM57.5 million for the three month financial period ended 30 April 2011 to RM90.2 million for the three month financial period ended 30 April 2012 due to higher staff costs and higher marketing costs incurred to acquire additional customers, which resulted in higher warehousing costs as well as higher payment of sales incentive.

Administrative expenses

Total administrative expenses increased by RM23.1 million, or 30.0%, from RM77.0 million for the three month financial period ended 30 April 2011 to RM100.1 million for the three month financial period ended 30 April 2012. This increase was primarily attributable to foreign exchange losses and increase in maintenance cost. The maintenance cost under administrative expenses mainly comprised maintenance of computer hardware and software.

Finance income

Finance income decreased by RM4.6 million, or 16.7%, from RM27.5 million for the three month financial period ended 30 April 2011 to RM22.9 million for the three month financial period ended 30 April 2012. This decrease was primarily attributable to a decrease in unrealised foreign exchange gains for the three month financial period ended 30 April 2012.

Finance costs

Finance costs increased by RM46.3 million, or 202.2%, from RM22.9 million for the three month financial period ended 30 April 2011 to RM69.2 million for the three month financial period ended 30 April 2012. This increase was primarily attributable to an increase in interest expenses for the three month financial period ended 30 April 2012 due to term loans drawndown in May 2011 and June 2011.

PBT

As a result of the foregoing, PBT decreased by RM91.6 million, or 34.8%, from RM263.5 million for the three month financial period ended 30 April 2011 to RM171.9 million for the three month financial period ended 30 April 2012.

Tax expense

Tax expense decreased by RM18.7 million, or 27.8%, from RM67.2 million for the three month financial period ended 30 April 2011 to RM48.5 million for the three month financial period ended 30 April 2012. This decrease was primarily attributable to lower profit recorded for the three month financial period ended 30 April 2012.

Profit for the financial period

As a result of the foregoing, profit for the financial period decreased by RM72.9 million, or 37.1%, from RM196.3 million for the three month financial period ended 30 April 2011 to RM123.4 million for the three month financial period ended 30 April 2012.

Financial year ended 31 January 2012 (pro forma) compared to financial year ended 31 January 2011 (pro forma)

Pro forma revenue

Pro forma revenue increased by RM224.7 million, or 6.1%, from RM3,664.1 million for the financial year ended 31 January 2011 to RM3,888.8 million for the financial year ended 31 January 2012. This increase was primarily attributable to an increase in pro forma revenue from the TV segment, which accounted for 92.8% of total pro forma revenue for the financial year ended 31 January 2012.

TV

Total pro forma revenue for the TV segment increased by RM165.6 million, or 4.8%, from RM3,444.1 million for the financial year ended 31 January 2011 to RM3,609.7 million for the financial year ended 31 January 2012. This increase was primarily attributable to an increase in pro forma subscription revenue and pro forma airtime sales, partially offset by a decrease in other TV revenue.

Pro forma subscription revenue increased by RM201.0 million, or 6.5%, from RM3,072.1 million for the financial year ended 31 January 2011 to RM3,273.1 million for the financial year ended 31 January 2012. This increase was primarily attributable to an increase in our residential subscriber base with a net addition of 136,000 residential subscribers for the financial year ended 31 January 2012, which reflected a gross addition of 334,000 residential subscribers and MAT Churn rate of 7% during the financial year, and an increase in Residential ARPU from RM85 for the financial year ended 31 January 2011 to RM89 for the financial year ended 31 January 2012, reflecting a higher take-up of HD services, from 304,000 as at 31 January 2011 to 772,000 as at 31 January 2012, the introduction of package bundling (Super Packs) in May 2011, an increase in the purchase of movies on Astro First and an upward pricing revision of some of our packages in July 2011.

In addition, pro forma revenue from airtime sales increased by RM19.8 million, or 8.5%, from RM231.7 million for the financial year ended 31 January 2011 to RM251.5 million for the financial year ended 31 January 2012. This increase was primarily attributable to an increase in general demand for TV advertising.

Other TV pro forma revenue decreased by RM55.2 million, or 39.3%, from RM140.3 million for the financial year ended 31 January 2011 to RM85.1 million for the financial year ended 31 January 2012. This decrease was primarily attributable to lower sales of programme rights.

Radio

Total pro forma revenue from the radio segment increased by RM24.1 million, or 13.7%, from RM175.3 million for the financial year ended 31 January 2011 to RM199.4 million for the financial year ended 31 January 2012. This increase was primarily attributable to a general increase in advertising sales.

Others

Total pro forma revenue from other operating segments increased by RM35.0 million, or 78.3%, from RM44.7 million for the financial year ended 31 January 2011 to RM79.7 million for the financial year ended 31 January 2012. This increase was primarily attributable to higher pro forma revenue contributed by the digital services business and management fees charged to related companies.

Pro forma cost of sales

Pro forma cost of sales increased by RM236.2 million, or 11.8%, from RM2,000.4 million for the financial year ended 31 January 2011 to RM2,236.6 million for the financial year ended 31 January 2012. This increase was primarily attributable to an increase in pro forma content costs, staff related costs, depreciation and amortisation and professional and consultancy fees, partially offset by a decrease in set-top box and smartcard costs.

Pro forma content costs increased by RM52.4 million, or 4.8%, before adjusting for the content costs in relation to the 2010 FIFA World Cup in the prior year, from RM1,101.6 million for the financial year ended 31 January 2011 to RM1,154.0 million for the financial year ended 31 January 2012. The increase in content costs was primarily as a result of new product offerings such as Astro First and the introduction of additional HD and SD channels.

Pro forma staff related costs increased by RM38.7 million, or 18.3%, from RM211.7 million for the financial year ended 31 January 2011 to RM250.4 million for the financial year ended 31 January 2012, primarily as a result of an increase in headcount and overall compensation levels.

Pro forma depreciation and amortisation increased by RM100.9 million, or 40.3%, from RM250.4 million for the financial year ended 31 January 2011 to RM351.3 million for the financial year ended 31 January 2012. The increase was primarily attributable to depreciation arising from a higher deployment of Astro B.yond set-top boxes as a result of an increase in HD and PVR take-up by new and existing subscribers as well as conversion.

Pro forma set-top box and smartcard costs decreased by RM27.9 million, or 18.4%, from RM151.9 million for the financial year ended 31 January 2011 to RM124.0 million for the financial year ended 31 January 2012 primarily due to a reduction in the deployment of SD set-top boxes as we migrated our subscribers to Astro B.yond set-top boxes.

Pro forma professional and consultancy fees increased by RM38.9 million, or 130.1%, from RM29.9 million for the financial year ended 31 January 2011 to RM68.8 million for the financial year ended 31 January 2012 primarily due to higher managed services fee in relation to the customer relationship management system, and professional fees incurred in relation to the price revision exercise.

Pro forma gross profit

As a result of the foregoing, our pro forma gross profit decreased slightly by RM11.5 million, or 0.7%, from RM1,663.7 million for the financial year ended 31 January 2011 to RM1,652.2 million for the financial year ended 31 January 2012.

Pro forma other operating income

Pro forma other operating income decreased marginally by RM0.2 million, or 0.7%, from RM27.4 million for the financial year ended 31 January 2011 to RM27.2 million for the financial year ended 31 January 2012 primarily due to a pro forma gain on disposal of certain property, plant and equipment that was recognised for the financial year ended 31 January 2011.

Pro forma marketing and distribution costs

Total pro forma marketing and distribution costs increased by RM7.0 million, or 2.2%, from RM316.0 million for the financial year ended 31 January 2011 to RM323.0 million for the financial year ended 31 January 2012. This increase was primarily attributable to an increase in marketing activities and initiatives to promote higher adoption of products and services, such as HD, PVR, Astro First and content packages such as Mustika and Indo Pek.

Pro forma administrative expenses

Total pro forma administrative expenses increased by RM57.9 million, or 18.8%, from RM308.2 million for the financial year ended 31 January 2011 to RM366.1 million for the financial year ended 31 January 2012. This increase was primarily attributable to an increase in depreciation expense relating to computer hardware and amortisation of software, and staff related costs.

Pro forma finance income

Pro forma finance income decreased by RM50.7 million, or 42.5%, from RM119.4 million for the financial year ended 31 January 2011 to RM68.7 million for the financial year ended 31 January 2012. This decrease was primarily attributable to pro forma unrealised foreign exchange gains for the financial year ended 31 January 2011.

Pro forma finance costs

Pro forma finance costs increased by RM101.0 million, or 107.8%, from RM93.7 million for the financial year ended 31 January 2011 to RM194.7 million for the financial year ended 31 January 2012. This increase was primarily attributable to an increase in pro forma interest expenses in respect of term loans drawndown in the financial year ended 31 January 2012. This increase was partially offset by a decrease in the pro forma interest expenses for finance lease and vendor financing for the financial year ended 31 January 2012 as a result of a decrease in the effective interest rate for vendor financing.

Pro forma PBT

As a result of the foregoing, pro forma PBT decreased by RM226.2 million, or 20.7%, from RM1,090.5 million for the financial year ended 31 January 2011 to RM864.3 million for the financial year ended 31 January 2012.

Pro forma tax expense

Pro forma tax expense decreased by RM28.3 million, or 10.8%, from RM263.0 million for the financial year ended 31 January 2011 to RM234.7 million for the financial year ended 31 January 2012. This decrease was primarily attributable to lower pro forma PBT recorded for the financial year ended 31 January 2012 as compared to the financial year ended 31 January 2011.

Pro forma profit for the financial year

As a result of the foregoing, pro forma profit for the financial year decreased by RM197.9 million, or 23.9%, from RM827.5 million for the financial year ended 31 January 2011 to RM629.6 million for the financial year ended 31 January 2012.

Financial year ended 31 January 2011 (pro forma) compared to financial year ended 31 January 2010 (pro forma)

Pro forma revenue

Pro forma revenue increased by RM421.8 million, or 13.0%, from RM3,242.3 million for the financial year ended 31 January 2010 to RM3,664.1 million for the financial year ended 31 January 2011. This increase was primarily attributable to an increase in revenue from the TV segment which accounted for 94.0% of total pro forma revenue for the financial year ended 31 January 2011.

TV

Pro forma revenue for the TV segment increased by RM405.3 million, or 13.3%, from RM3,038.8 million for the financial year ended 31 January 2010 to RM3,444.1 million for the financial year ended 31 January 2011. This increase was primarily attributable to increases in pro forma subscription revenue, airtime sales and sales of programme rights.

Pro forma subscription revenue increased by RM283.4 million, or 10.2%, from RM2,788.7 million for the financial year ended 31 January 2010 to RM3,072.1 million for the financial year ended 31 January 2011. This increase was primarily attributable to the introduction of HD services and price revision to our sports package, resulting in an increase in Residential ARPU from RM82 for the financial year 31 January 2010 to RM85 for the financial year 31 January 2011.

Pro forma revenue from airtime sales increased by RM83.8 million, or 56.7%, from RM147.9 million for the financial year ended 31 January 2010 to RM231.7 million for the financial year ended 31 January 2011. This increase was primarily attributable to an increase in advertising rates as a result of, among others, an increase in demand for airtime from advertisers particularly during the 2010 FIFA World Cup for the financial year ended 31 January 2011.

Other TV pro forma revenue increased by RM38.1 million, or 37.3%, from RM102.2 million for the financial year ended 31 January 2010 to RM140.3 million for the financial year ended 31 January 2011. This increase was primarily attributable to an increase in sales of programme rights to other TV broadcasters.

Radio

Pro forma revenue from the radio segment decreased marginally by RM1.6 million, or 0.9%, from RM176.9 million for the financial year ended 31 January 2010 to RM175.3 million for the financial year ended 31 January 2011. This decrease was primarily attributable to a slight decrease in airtime sales.

Others

Pro forma revenue from other operating segments increased by RM18.0 million, or 67.4%, from RM26.7 million for the financial year ended 31 January 2010 to RM44.7 million for the financial year ended 31 January 2011. This increase was primarily attributable to higher revenue contribution from our digital services business.

Pro forma cost of sales

Pro forma cost of sales increased by RM66.4 million, or 3.4%, from RM1,934.0 million for the financial year ended 31 January 2010 to RM2,000.4 million for the financial year ended 31 January 2011. This increase was primarily attributable to an increase in content costs, staff related costs and depreciation and amortisation, partially offset by a decrease in set-top box and smartcard costs.

Pro forma content costs increased by RM49.3 million, or 4.7%, from RM1,052.3 million for the financial year ended 31 January 2010 to RM1,101.6 million for the financial year ended 31 January 2011. This increase was primarily attributable to higher content costs in relation to the 2010 FIFA World Cup and an increase in HD, SD and Astro-created and branded channels.

Pro forma staff related costs increased by RM66.4 million, or 45.7%, from RM145.3 million for the financial year ended 31 January 2010 to RM211.7 million for the financial year ended 31 January 2011. This increase was primarily attributable to an increase in headcount and overall compensation levels.

Pro forma depreciation and amortisation increased by RM110.7 million, or 79.2%, from RM139.7 million for the financial year ended 31 January 2010 to RM250.4 million for the financial year ended 31 January 2011. This increase was primarily attributable to depreciation arising from a higher deployment of Astro B.yond set-top boxes as a result of an increase in HD take-up by new and existing subscribers as well as conversion.

The increase in the costs above were partially offset by a decrease of RM227.5 million, or 60.0%, in set-top box and smartcard costs from RM379.4 million for the financial year ended 31 January 2010 to RM151.9 million for the financial year ended 31 January 2011, primarily due to a reduction in the deployment of SD set-top boxes as we migrated our subscribers to Astro B.yond set-top boxes.

Pro forma gross profit

As a result of the foregoing, our Group's pro forma gross profit increased by RM355.3 million, or 27.2%, from RM1,308.4 million for the financial year ended 31 January 2010 to RM1,663.7 million for the financial year ended 31 January 2011.

Pro forma other operating income

Pro forma other operating income increased by RM4.5 million, or 19.7%, from RM22.9 million for the financial year ended 31 January 2010 to RM27.4 million for the financial year ended 31 January 2011. This increase was primarily attributable to a gain on disposal of property, plant and equipment and an increase in subtitling revenue.

Pro forma marketing and distribution costs

Pro forma marketing and distribution costs increased by RM33.3 million, or 11.8%, from RM282.7 million for the financial year ended 31 January 2010 to RM316.0 million for the financial year ended 31 January 2011. This increase was primarily attributable to higher warehousing costs, advertising costs and expenses related to customer retention activities.

Pro forma administrative expenses

Pro forma administrative expenses increased by RM63.7 million or 26.1%, from RM244.5 million for the financial year ended 31 January 2010 to RM308.2 million for the financial year ended 31 January 2011. This increase was primarily attributable to the write-back of doubtful debts that was recognised in the financial year ended 31 January 2010.

Pro forma finance income

Pro forma finance income increased by RM50.3 million, or 72.8%, from RM69.1 million for the financial year ended 31 January 2010 to RM119.4 million for the financial year ended 31 January 2011. This increase was primarily attributable to an increase in unrealised foreign exchange gain and interest income.

Pro forma finance costs

Pro forma finance costs increased by RM22.8 million, or 32.2%, from RM70.9 million for the financial year ended 31 January 2010 to RM93.7 million for the financial year ended 31 January 2011. This increase was primarily attributable to an increase in pro forma finance lease interest expenses and realised foreign exchange losses, partially offset by a decrease in pro forma vendor financing interest expenses.

Pro forma PBT

As a result of the foregoing, PBT increased by RM289.2 million, or 36.1%, from RM801.3 million for the financial year ended 31 January 2010 to RM1,090.5 million for the financial year ended 31 January 2011.

Pro forma tax expense

Pro forma tax expense increased by RM75.6 million, or 40.3%, from RM187.4 million for the financial year ended 31 January 2010 to RM263.0 million for the financial year ended 31 January 2011. This increase was primarily attributable to higher pro forma PBT recognised.

Pro forma profit for the financial year

As a result of the foregoing, pro forma profit for the financial year increased by RM213.6 million, or 34.8%, from RM613.9 million for the financial year ended 31 January 2010 to RM827.5 million for the financial year ended 31 January 2011.

12.2.9 Liquidity and capital resources

(i) Working capital

Our principal sources of liquidity are cash generated from our operations, borrowings and vendor financing. As at 30 April 2012, we had net current liabilities of RM509.9 million, which included current liabilities of RM1,878.0 million comprising mainly of payables, borrowings and tax liabilities.

After taking into consideration the existing level of cash and cash equivalents, the available lines of credit (including vendor financing), the expected cash flow from operations and the proceeds from the Public Issue allocated for working capital purposes, our Board is of the opinion that we will have adequate working capital for a period of 12 months from the date of this Prospectus.

As at 30 April 2012, we had unused sources of liquidity of RM1,613.4 million, comprising cash and cash equivalents of RM479.1 million and available lines of credit of RM1,134.3 million. On 18 May 2012, we drew down RM500.0 million from our undrawn RM1,000.0 million term loan facility. On 5 June 2012, we had a total of RM570.0 million additional vendor financing facilities of 36 months tenure made available to us by our set-top boxes suppliers.

(ii) Cash flows

The following table sets forth our consolidated cash flow statements for the financial year ended 31 January 2012 on a pro forma basis on the assumption that our Group had been in existence prior to 1 February 2011 and for the three month financial period ended 30 April 2012 on an actual basis:

	Pro forma	Audited
	Financial year ended 31 January 2012	Three month financial period ended 30 April 2012
	RM 000	
Net cash generated from operating activities	1,022,427	362,672
Net cash used in investing activities	(1,984,479)	(160,156)
Net cash generated from/(used in) financing activities	761,865	(201,667)
Net (decrease)/increase in cash and cash equivalents	(200,187)	849
Currency translation differences	(128)	55
Cash and cash equivalents at the beginning of the financial year/period	678,517	478,202
Cash and cash equivalents at the end of the financial year/period	478,202	479,106

Most of our cash and cash equivalents are held in RM. As at the LPD, there is no legal, financial or economic restriction on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances to meet the cash obligations of our Company.

Cash flows for the three month financial period ended 30 April 2012

Net cash generated from operating activities for the three month financial period ended 30 April 2012 was RM362.7 million, comprising operating profit before working capital changes of RM416.9 million and after accounting for, among others, purchase of programme rights of RM73.1 million, increase in payables of RM38.6 million, receipts from debtors of RM30.0 million, tax paid of RM48.5 million and interest received of RM2.6 million.

Net cash used in investing activities for the three month financial period ended 30 April 2012 amounted to RM160.2 million and is mainly for the purchase of property, plant and equipment and software amounting to RM171.8 million, partially offset by the proceeds from the disposal of financial assets amounting to RM10.0 million.

Net cash used in financing activities for the three month financial period ended 30 April 2012 amounted to RM201.7 million and is mainly for the dividends paid amounting to RM188.6 million and repayment of finance lease liabilities amounting to RM10.2 million.

Cash flows for the financial year ended 31 January 2012

Pro forma net cash generated from operating activities for the financial year ended 31 January 2012 was RM1,022.4 million, comprising operating profit before working capital changes of RM1,733.3 million and after accounting for, among others, purchase of programme rights of RM341.2 million, payment to creditors of RM265.5 million, increase in receivables and prepayments of RM56.1 million, tax paid of RM164.2 million and interest received of RM7.0 million.

Pro forma net cash used in investing activities for the financial year ended 31 January 2012 was RM1,984.5 million, comprising mainly capital expenditure of RM538.5 million relating primarily to the expansion, maintenance and improvement of our businesses, and advances to ANM of RM1,500.0 million. The said advances have been settled as at the date of this Prospectus. For further information, please refer to Section 11.1.3 of this Prospectus. Interest of RM50.5 million was also received during the financial year.

Pro forma net cash generated from financing activities for the financial year ended 31 January 2012 was RM761.9 million, primarily due to the drawdown of new borrowings of RM3,004.6 million which were used for working capital purposes and to finance the completion of the Reorganisation. This was partially offset by dividends paid of RM1,330.7 million, redemption of RPS from AAAN of RM750.0 million, payment of interest of RM124.3 million and repayment of finance lease liabilities of RM37.8 million.

(iii) Borrowings

Our total outstanding borrowings, all of which are interest-bearing and unsecured, as at 30 April 2012 (audited) are set forth below:

		Currency		Total[1]
	Interest rate terms	USD 000	RM 000	RM 000
Short term borrowings				
- Finance lease liabilities	Fixed rate ranging from 4.5%-12.5%	10,501	1,555	33,551
Long term borrowings				
- Finance lease liabilities	Fixed rate ranging from 4.5%-12.5%	223,027	6,558	686,120
- Term loans comprising:				
RM term loan	Variable floating rate based on cost of funds		2,010,000	2,010,000
USD term loan	Variable floating rate based on London Interbank Offered Rate	330,000		1,005,510
Debt issuance costs			(41,644)	(41,644)
Total		563,528	1,976,469	3,693,537

Note:

(1) Converted at the average of the selling (TT) and buying (TT) exchange rate amounting to approximately USD1.00/RM3.047, as issued by Malayan Banking Berhad and published in The Star website on 30 April 2012 and as recorded in our financial statements.

For information on our Group's indebtedness, please refer to Section 12.5 of this Prospectus.

As at 30 April 2012, RM709.2 million of the total finance lease liabilities were payable to MSS for the lease of Ku-band transponders on MEASAT-3 and MEASAT-3A.

The amounts drawndown under the RM and USD term loan facilities had been fully hedged as at 30 April 2012. The RM and USD term loans had been swapped into RM fixed rates as at 30 April 2012, and the resulting all-in rate stood at 5.81% and 4.69% per annum respectively. Please refer to Note 25 of Section III(b) of the Accountant's Report set out in Section 13 of this Prospectus for further details.

We have not defaulted on payments of interest or principal sums on any of our borrowings throughout the financial year ended 31 January 2012 and the three month financial period ended 30 April 2012 and up to the LPD.

As at the LPD, we were not in breach of any terms and conditions or covenants associated with our credit arrangements or borrowings which can materially and adversely affect our financial position and results or business operations, or the investment by holders of securities in our Company.

12.2.10 Capital expenditure

For the financial years ended 31 January 2010, 2011 and 2012 and the three month financial period ended 30 April 2012, we invested RM620.9 million, RM549.5 million, RM545.0 million and RM171.8 million, respectively, in capital expenditure, primarily for our TV business. Our capital expenditure was funded primarily through cash flow from our operations, vendor financing and finance leases.

The following table sets out the composition of our total capital expenditure for the periods indicated:

	Pro forma			Audited
	Financial year ended 31 January			Three month financial period ended 30 April
	2010	2011	2012	2012
	RM 000			
Satellite transponders	370,074	-	-	-
Broadcast and transmission equipment	85,485	375,456	395,858	135,228
Equipment, fixtures and fittings	32,146	33,307	45,210	1,588
Computer software	31,324	98,954	23,585	1,130
Software development	36,130	13,766	32,839	8,499
Buildings	-	-	684	15
Assets under construction[1]	65,741	28,037	46,814	25,367
Total	620,900	549,520	544,990	171,827

Note:

(1) Assets under construction comprise broadcasting facilities, production facilities, and renovation works which are still under construction and not ready for use.

The capital expenditure during the financial year ended 31 January 2010 was primarily for investment in additional transponders on MEASAT-3A. In addition, investment was also made on broadcast and transmission equipment, with the commencement of capitalisation of the cost of Astro B.yond set-top boxes in that financial year. The cost of Astro B.yond set-top boxes was capitalised following a change in our business model when our HD services were introduced. We also commenced the process of upgrading our customer relationship management system during the financial year ended 31 January 2010.

The capital expenditure during the financial year ended 31 January 2011 was primarily for broadcast and transmission equipment as well as computer software and software development. The significant increase in broadcast and transmission equipment was due to investment in and expansion of our HD services. Due to the focus in expanding HD services to subscribers, the cost capitalised for the Astro B.yond set-top boxes increased significantly during the financial year. In addition, significant capital expenditure was incurred during the financial year on computer software for our customer relationship management project.

The capital expenditure during the financial year ended 31 January 2012 was primarily for the launch of new product offerings such as IPTV and VOD and the expansion of our SD and HD channel offerings as well as continued investment in our Astro B.yond set-top boxes. As at 31 January 2012, 1.2 million subscribers had been converted to Astro B.yond set-top boxes, increasing to 1.4 million subscribers as at 30 April 2012. Capital expenditure on the customer relationship management system continued to be incurred during the financial year ended 31 January 2012.

The capital expenditure during the three month financial period ended 30 April 2012 was primarily for our continued investment in Astro B.yond set-top boxes, the launch of new product offerings such as OTT and VOD and the expansion of our SD and HD channel offerings. Capital expenditure on the computer software and software development for our customer relationship management system continued to be incurred during the three month financial period ended 30 April 2012.

Save for set-top box additions of approximately RM114.4 million, there were no material capital expenditures from 1 May 2012 up to the LPD.

12.2.11 Material divestitures

Save for the disposal of Adrep China which has been completed as at the LPD, there have not been any material divestitures undertaken by us for the financial years ended 31 January 2010, 2011, 2012 and up to the LPD. Please refer to Section 6.1 of this Prospectus for further information on the disposal.

As at the LPD, we do not have any uncompleted material divestitures.

12.2.12 Material commitments

Material commitments approved and not provided for in the consolidated financial statements are as follows:

	As at 30 April 2012	As at 31 July 2012
	Audited	Unaudited
	RM 000	RM 000
Property, plant and equipment:		
Approved and contracted for	137,410	1,897,067
Approved but not contracted for	2,224,953	496,325
	2,362,363	2,393,392
Film library and programme rights:		
Approved and contracted for	978,437	781,794
Approved but not contracted for	409,327	411,984
	1,387,764	1,193,778
Computer software:		
Approved and contracted for	63,993	39,448
Approved but not contracted for	41,541	78,549
	105,534	117,997
Total	3,855,661	3,705,167

Our future capital expenditure with respect to property, plant and equipment is expected to relate largely to investments in new corporate and technical buildings to cater for the expansion of our business, investment in additional transponders on MEASAT-3B, investment in improvements and expansion of our production facilities, expansion into new business segments and new product development, maintenance capital expenditure, as well as the purchase of Astro B.yond set-top boxes. On 11 May 2012, MBNS entered into an agreement with Measat International (South Asia) Ltd., a subsidiary of MGB, for the supply of the aggregate space segment capacity on 18 transponders on MEASAT-3B for a total contract price of USD538.0 million. For further details on this agreement, please refer to Section 7.19(ii) of this Prospectus.

Our commitment to film library and programme rights relates to programmes scheduled to be aired on the various channels as well as film rights.

Our commitment to computer software relates primarily to our customer relationship management system.

We expect to fund our commitments primarily through the proceeds raised from the Public Issue, cash flows from operations, borrowings and vendor financing.

12.2.13 Contingent liabilities

Our Group had contingent liabilities as set out below:

	As at 30 April 2012	As at 31 July 2012
	Audited	Unaudited
	RM 000	RM 000
Indemnity given to financial institutions in respect of bank guarantees issued (unsecured):		
- Programme rights vendors[1]	211,411	218,220
- Others[2]	8,159	8,142
Other indemnities:		
- Guarantee to programme rights vendor provided by our Company[1]	101,567	105,050
- Indemnity to Maxis pursuant to shareholders' obligations in respect of Advanced Wireless Technologies[3]	12,500	12,500
Total	333,637	343,912

Notes:

(1) *Included in material commitments as set out in Section 12.2.12 of this Prospectus.*

(2) *Consists of bank guarantees issued mainly to Royal Malaysian Customs of RM5.2 million and others, for example FINAS, totalling RM0.5 million.*

(3) *The indemnity amount has, with effect from 4 October 2011, been reduced to RM6.25 million through a letter dated 29 August 2012.*

As at the LPD, save as disclosed in Section 15.7 of this Prospectus, our Group is not involved in any litigation or arbitration, either as plaintiff or defendant, which may have a material adverse effect on the business or financial position of our Group, and we are not aware of any legal proceeding, pending or threatened, or of any fact likely to give rise to any legal proceeding which may have a material adverse effect on the business or financial position of our Group.

12.2.14 Financial ratios

The following table sets forth certain financial ratios of our Group for the periods indicated:

	Financial year ended 31 January			Three month financial period ended 30 April	
	2010	2011	2012	2011	2012
Trade receivables turnover days[1]	32	43	37	31	33
Payables turnover days[2]	157	175	182	169	177

Notes:

(1) *Based on trade receivables after allowances for doubtful debts as at the financial year/period ended over total revenue for the financial year/period.*

(2) *Based on payables over total costs. Payables reflect outstanding amount payable to vendors for the purchase of goods and services including fixed assets and programme rights, but excludes amounts owed to related parties. Total costs are operating cost and capital expenditure for the financial year/period less depreciation and amortisation.*

Trade receivables turnover days

Trade receivables turnover days are relatively stable, ranging between 31 to 43 days, due to the credit monitoring activities that we had implemented.

Payables turnover days

Payables turnover days increased from 157 days for the financial year ended 31 January 2010 to 175 days, 182 days and 177 days for the financial years ended 31 January 2011 and 2012, and the three month financial period ended 30 April 2012 respectively primarily due to higher vendor financing obtained for the purchase of set-top boxes over the years. Payables related to vendor financing increased from RM347.9 million in the financial year ended 31 January 2010 to RM464.1 million in the financial year ended 31 January 2012.

Aging analysis

The aging analysis for trade receivables and trade payables as at 30 April 2012 is as follows:

		Past due[(2)]				
	Current[(1)]	Not later than 30 days	Between 31 and 60 days	Between 61 and 90 days	Over 90 days	Total
	RM 000					
Trade receivables (gross)	238,948	78,786	22,984	13,531	187,160	541,409
Impairment of trade receivables						(181,228)
Trade receivables (net)	238,948	78,786	22,984	12,800	6,663	360,181
Trade payables	846,133	37,852	2,680	6,908	16,038	909,611

Notes:

(1) Represents trade receivables and trade payables that are within their respective credit period granted.

(2) Categorised by number of days past due from respective credit period of the trade receivables and trade payables.

The credit period we extend to our customers ranges between 0 and 60 days. As at 30 April 2012, 44.1% of our trade receivables were within the credit period. We have made adequate impairment on trade receivables of RM181.2 million and efforts are being made to recover these balances.

The credit period that our suppliers extend to us ranges between 0 and 90 days, while the extended payment term under the vendor financing arrangements for suppliers of set-top boxes is either 24 months or 36 months pursuant to the terms of the letters of credit or promissory notes, as applicable. As at 30 April 2012, 93.0% of our trade payables were within such credit period. The remaining trade payables mainly relate to delays in payment to suppliers due to the longer time required for verification and approval of invoices.

The discussion on the current ratio and gearing ratio of Astro Malaysia Group for the financial years ended 31 January 2010, 2011 and 2012 and for the three month financial period ended 30 April 2011 is not included in this Prospectus as the consolidated balance sheets of Astro Malaysia were not prepared prior to the financial year ended 31 January 2012.

12.2.15 Financial risk management objectives and policies

Financial instruments

Our activities are exposed to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk and liquidity and cash flow risk. Our overall financial risk management objective is to minimise potential adverse effects on our financial performance.

We use derivative financial instruments such as forward foreign currency exchange contracts and a mixture of fixed and floating interest rate instruments to hedge certain exposures.

The significant financial risks which we are exposed to arising from our business activities are as follows:

(i) Foreign currency exchange risk

We are exposed to foreign currency exchange risk as a result of the foreign currency transactions entered into by us in currencies other than our functional currency. 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.

(ii) Interest rate risk

Our interest rate exposure arises principally from our trade payables and borrowings. Interest rate risk is managed through the use of fixed and floating interest rate instruments.

As at 30 April 2012 (audited), the interest rate profile of our Group's interest-bearing financial instruments is as set out below:

	RM 000
Fixed rate instruments	
Financial assets	
- Deposits with licensed banks	365,109
Financial liabilities	
- Interest rate swap	42,107
- Cross currency interest rate swap	42,181
- Finance lease liabilities	719,671
Total	803,959
Variable rate instruments	
Finance liabilities:	
- Vendor financing	535,955
- Term loans[(1)]	2,973,866
Total	3,509,821

Note:

(1) As at 30 April 2012, all our term loans with variable interest rates had been swapped into fixed instruments. For further information, please refer to Section 12.2.9(iii) of this Prospectus.

(iii) Credit risk

We have no significant concentrations 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 with strong short-term credit ratings and investments in unit trusts are made only in cash/money market.

(iv) Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of our businesses, our treasury aims at maintaining flexibility in funding by keeping committed credit facilities available and if necessary, obtaining additional debt and equity funding.

The table below summarises the maturity profile of our financial liabilities (borrowings and payables, including interest charges but excluding unearned revenue) as at 30 April 2012 based on contractual undiscounted payments:

	Within 1 year	Between 1 and 5 years	Over 5 years	Total
	RM 000			
Payables	1,519,138[1]	420,936	-	1,940,074
Borrowings	213,076	2,198,624	2,672,705	5,084,405
Derivative financial instruments – financial liabilities	-	2,177	82,111	84,288
Total	1,732,214	2,621,737	2,754,816	7,108,767

Note:

(1) Included in payables due within one year is dividend payable to ANM of RM382.7 million.

12.2.16 Inflation

We do not believe that inflation has had a material impact on our business, financial condition or results of operations.

12.2.17 Order book

As a consumer entertainment group, our Group does not have an order book.

12.2.18 Prospects

The results of our Group's operations for the financial year ending 31 January 2013 have so far been and/or are expected to be mainly influenced by the following factors:

- Our ability to grow our subscriber base;
- Competition in the Malaysian media and entertainment industry;
- Our ability to manage churn;
- Our operational efficiency;
- Our ability to procure and produce differentiated content;
- Our ability to control operational and capital expenditures;

- Availability of financing on terms acceptable to us;
- Foreign exchange fluctuations; and
- Level of activity in the Malaysian media and entertainment industry.

Except as disclosed in the "Industry Overview" as set out in Section 8 of this Prospectus and "Risk Factors" as set out in Section 5 of this Prospectus and to the best of our Directors' knowledge and belief, there are no other known trends, factors, demands, commitments, events or uncertainties that are reasonably likely to have a material effect on the financial condition and results of operations of our Group. However, the factors and trends affecting our Group's financial position and operations as set out above and in "Risk Factors" set out in Section 5 of this Prospectus are not exhaustive.

Subject to the abovementioned factors, our Directors expect the results of our Group's operations for the financial year ending 31 January 2013 to be satisfactory.

(The rest of this page has been intentionally left blank)

12.3 Historical consolidated financial information

Our historical consolidated financial statements included in this Prospectus include our historical audited consolidated financial statements as at and for the financial years ended 31 January 2010, 2011 and 2012 and our unaudited condensed consolidated financial statements as at and for the six month financial periods ended 31 July 2011 and 2012. For further information on the basis of presentation, please refer to Section 12.4.2 of this Prospectus.

The following selected historical audited consolidated financial information and unaudited condensed consolidated financial information should be read in conjunction with Section 12.4 and the Accountants' Report and related notes set out in Section 13 of this Prospectus and our Quarterly report for the financial period ended 31 July 2012 and related notes set out in Annexure E of this Prospectus. The financial statements included in this Prospectus are not indicative of our Group's future consolidated financial position, results of operations and cash flows, and our Group's past operating results are not indicative of our Group's future operating performance.

12.3.1 Historical consolidated income statements

	Financial year ended 31 January			Six month financial period ended 31 July	
	2010[1]	2011[1]	2012[1]	2011	2012
			RM 000		
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	2,966,037	3,378,258	3,846,677	1,815,941	2,054,936
Cost of sales	(1,802,072)	(1,908,350)	(2,212,657)	(1,009,812)	(1,229,454)
Gross profit	1,163,965	1,469,908	1,634,020	806,129	825,482
Other operating income	22,300	27,282	26,592	10,676	16,209
Marketing and distribution costs	(240,615)	(273,315)	(313,366)	(127,836)	(210,814)
Administrative expenses	(266,269)	(240,671)	(358,868)	(150,466)	(192,866)
Finance income	63,290	114,208	68,306	29,375	36,839
Finance costs	(66,576)	(89,634)	(191,438)	(63,063)	(174,633)
Share of post tax results from investments accounted for using the equity method	–	–	4,190	(380)	1,552
PBT	676,095	1,007,778	869,436	504,435	301,769
Tax expense	(174,546)	(259,648)	(235,246)	(133,785)	(83,280)
Profit for the financial year/period	501,549	748,130	634,190	370,650	218,489
Attributable to:					
Equity holder of our Company	501,549	748,130	629,061	368,528	216,754
Non-controlling interests	–	–	5,129	2,122	1,735
	501,549	748,130	634,190	370,650	218,489
Basic/diluted earnings per ordinary share (RM)	5,117.8	7,634.0	6,419.0	3,685.0	2,168.0

Notes:

(1) *Our Group's consolidated comparatives for the financial years ended 31 January 2010, 2011 and the period from 1 February 2011 to 14 February 2011 represent the results of MBNS and its then only subsidiary, MEASAT Digicast. Please refer to Note 2 of Section II of the Accountants' Report for the basis of preperation.*

(2) *EBITDA for the six month financial period ended 31 July 2012 wes RM700.1 million, comprising profit for the financial period of RM218.5 million, and efter accounting for, the addition of tax expense of RM83.3 million, finance costs of RM174.6 million end depreciation end amortisation of RM262.1 million, net of finance income of RM36.8 million and share of post tax results from investments accounted for using the equity method of RM1.6 million.*

12.3.2 Historical consolidated statements of comprehensive income

	Financial year ended 31 January			Six month financial period ended 31 July	
	2010[1]	2011[1]	2012[1]	2011	2012
			RM 000		
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Profit for the financial year/period	501,549	748,130	634,190	370,650	218,489
Other comprehensive income:					
Cash flow hedges:					
Net fair value loss	–	(10,330)	(139,602)	(18,013)	(58,640)
Reclassification adjustments for loss on realisation of derivative instruments included in profit or loss	–	9,176	25,840	9,025	20,540
Foreign currency translation	–	–	–	–	54
Other comprehensive loss for the year/period, net of tax	–	(1,154)	(113,762)	(8,988)	(38,046)
Total comprehensive income	501,549	746,976	520,428	361,662	180,443
Attributable to:					
Equity holder of our Company	501,549	746,976	515,299	359,540	178,708
Non-controlling interests	–	–	5,129	2,122	1,735
	501,549	746,976	520,428	361,662	180,443

Note:

(1) *Our Group's consolidated comparatives for the financial years ended 31 January 2010, 2011 and the period from 1 February 2011 to 14 February 2011 represent the results of MBNS and its then only subsidiary, MEASAT Digicast. Please refer to Note 2 of Section II of the Accountants' Report for the basis of preparation.*

12.3.3 Historical consolidated balance sheets

	As at 31 January			As at 31 July
	2010[(1)]	2011[(1)(2)]	2012	2012
	RM 000			
	(Audited)	(Audited)	(Audited)	(Unaudited)
Non-current assets				
Property, plant and equipment	1,330,391	1,427,499	1,654,231	1,740,114
Investment in associates	–	–	39,429	43,222
Investment in joint ventures	–	–	8,678	6,178
Prepayments	–	–	134,762	143,328
Advances to immediate holding company	–	–	1,500,000	–
Financial assets	10,000	10,000	–	–
Deferred tax assets	5,780	–	–	–
Intangible assets	176,262	258,441	1,770,735	1,783,471
	1,522,433	1,695,940	5,107,835	3,716,313
Current assets				
Inventories	21,265	15,363	13,291	17,032
Receivables and prepayments	728,511	699,086	798,159	874,623
Derivative financial instruments	–	–	–	62
Advances to former holding company	255,458	257,958	–	–
Advances to ultimate holding company	–	–	105,060	107,854
Financial assets	10,000	–	10,000	–
Tax recoverable	423	2,723	1,283	1,452
Deposits, cash and bank balances	260,557	598,336	478,202	1,026,831
Total current assets	1,276,214	1,573,466	1,405,995	2,027,854
Total assets	2,798,647	3,269,406	6,513,830	5,744,167
Current liabilities				
Payables	815,162	1,013,882	1,580,660	1,751,129
Advances from ultimate holding company	–	–	66,200	57,939
Derivative financial instrument	–	1,154	3,627	2,584
Borrowings	24,702	32,444	43,484	36,386
Tax liabilities	9,033	–	82,914	100,202
	848,897	1,047,480	1,776,885	1,948,240
Net current assets/(liabilities)	427,317	525,986	(370,890)	79,614
Non-current liabilities				
Payables	232,784	256,976	323,013	455,445
Derivative financial instruments	–	–	102,350	105,063
Borrowings	905,871	731,526	3,666,447	4,199,441
Deferred tax liabilities	1,312	82,537	153,690	133,065
	1,139,967	1,071,039	4,245,500	4,893,014
Net assets/(liabilities)	809,783	1,150,887	491,445	(1,097,087)

	As at 31 January			As at 31 July
	2010[1]	2011[1] [2]	2012	2012
	RM 000			
	(Audited)	(Audited)	(Audited)	(Unaudited)
Capital and reserves attributable to equity holder of our Company				
Share capital	98	98	98	98
Share premium	6,798,136	6,798,136	6,798,136	5,298,136
RPS	1	1[4]	1[4]	1[3]
Exchange reserve	–	–	(27)	27
Capital reorganisation reserve	(5,351,615)	(5,351,615)	(5,470,197)	(5,470,197)
Capital redemption reserve	–	–	–[6]	–[5]
Hedging reserve	-	(1,154)	(114,916)	(152,989)
Accumulated losses	(636,837)	(294,579)	(730,204)	(776,360)
	809,783	1,150,887	482,891	(1,101,284)
Non-controlling interests	–	–	8,554	4,197
Total equity/(deficit in equity)	809,783	1,150,887	491,445	(1,097,087)

Notes:

(1) Our Group's consolidated comparatives as at 31 January 2010 and 2011 represent the balance sheet position of MBNS and its then only subsidiary, MEASAT Digicast. Please refer to Note 2 of Section II of the Accountants' Report for the basis of preparation.

(2) Also represents the balance sheet of our Group as at 1 February 2011, which is the MFRS transition date.

(3) Denotes RM520.

(4) Denotes RM670.

(5) Denotes RM157.50.

(6) Denotes RM7.50.

12.3.4 Historical consolidated cash flow statement

	Financial year ended 31 January		
	2010[1]	2011[1]	2012[1]
	RM 000		
	(Audited)	(Audited)	(Audited)
Cash flows from operating activities			
PBT	676,095	1,007,778	869,436
Adjustments for:			
Amortisation			
- programme rights	98,733	191,855	286,812
- software	30,001	46,316	82,316
Property, plant and equipment			
- depreciation	118,465	222,115	336,325
- (gain)/loss on disposal	(473)	(2,061)	148
- written-off	7,409	–	2,071

	Financial year ended 31 January		
	2010[1]	2011[1]	2012[1]
		RM 000	
	(Audited)	(Audited)	(Audited)
Software			
- impairment	6,793	8,021	–
- written-off	–	–	3
Barter transactions - revenue	(5,148)	(1,927)	(5,186)
Interest income	(10,773)	(12,913)	(62,530)
Interest expense	68,351	74,694	149,944
Dividend income – unit trust	(1,728)	(3,051)	(2,960)
Impairment of receivables/bad debts written off	51,087	65,297	50,342
Write back of impairment of receivables	–	(3,699)	(7,553)
Inventories written off/(written back)	2,138	112	1,093
Inventories written down	–	–	5,383
Bad debts recovered	(1,345)	–	–
Unrealised foreign exchange (gains)/losses	(47,953)	(127,237)	20,086
Recycling of hedge reserves	–	–	(8,939)
Share of post tax results from investments accounted for using the equity method	–	–	(4,190)
Operating profit before changes in working capital	991,652	1,465,300	1,712,601
Changes in working capital:			
Intangible assets – programme rights	(95,937)	(212,426)	(321,534)
Inventories	12,801	5,790	(1,987)
Receivables and prepayments	(270,010)	(43,489)	111,828
Payables	(74,198)	242,435	(218,695)
Cash from operations:	564,308	1,457,610	1,282,213
Tax paid	(52,806)	(183,976)	(163,723)
Interest received	9,650	13,440	6,517
Net cash generated from operating activities	521,152	1,287,074	1,125,007
Cash flows used in investing activities			
Property, plant and equipment			
- purchase	(163,486)	(372,128)	(474,485)
- proceeds from disposal	512	1,219	133
Intangible assets – software			
- purchase	(54,482)	(109,578)	(56,424)
Financial assets			
- purchase	(20,000)	–	–
- proceeds from disposal	–	10,000	–
Advances to immediate holding company	–	–	(1,500,000)
Advances to former holding company	(175,000)	–	–
Dividend received – unit trust	1,728	3,051	2,960
Interest received	–	–	50,543
Acquisition of business, net of cash and cash equivalents acquired	–	–	(314,192)
Net cash used in investing activities	(410,728)	(467,436)	(2,291,465)

	Financial year ended 31 January		
	2010[1]	2011[1]	2012[1]
		RM 000	
	(Audited)	(Audited)	(Audited)
Cash flows from financing activities			
Interest paid	(59,950)	(55,221)	(124,289)
Proceeds from borrowings	–	–	3,004,591
Repayment of finance lease liabilities	(15,195)	(20,671)	(37,763)
Redemption of RPS	(476,563)	–	(750,000)
Dividends paid	(145,473)	(405,872)	(1,045,795)
Net cash (used in)/from financing activities	(697,181)	(481,764)	1,046,744
Net (decrease)/increase in cash and cash equivalents	(586,757)	337,874	(119,714)
Effects of foreign exchange rate changes	3,500	(95)	(420)
Cash and cash equivalents at beginning of the financial year	843,814	260,557	598,336
Cash and cash equivalents at end of the financial year	260,557	598,336	478,202

Note:

(1) Our Group's consolidated comparatives for the financial years ended 31 January 2010, 2011 and the period from 1 February 2011 to 14 February 2011 represent the cash flows of MBNS and its then only subsidiary, MEASAT Digicast. Please refer to Note 2 of Section II of the Accountants' Report for the basis of preparation.

	Six month financial period ended 31 July	
	2011	2012
	RM 000	
	(Unaudited)	
Cash flows from operating activities		
PBT	504,434	301,769
Adjustment for:		
Non-cash items	302,087	495,824
Interest income	(7,814)	(29,449)
Interest expense	54,038	109,793
Operating profit before changes in working capital	852,745	877,937
Changes in working capital	(447,498)	(119,470)
Cash from operations:	405,247	758,467
Tax paid	(61,961)	(82,272)
Interest received	4,263	8,302
Net cash generated from operating activities	347,549	684,497
Cash flows used in investing activities		
Proceeds from disposal of property, plant and equipment and intangibles	133	197
Purchase of property, plant and equipment and intangibles	(242,069)	(369,000)
Proceeds from sale of financial assets	-	10,000
Advances to immediate holding company	(1,500,000)	-
Dividend received – unit trust	2,635	57
Interest received	–	18,271
Acquisition of subsidiaries and businesses, net of cash and cash equivalents acquired	(314,191)	–
Net cash used in investing activities	(2,053,492)	(340,475)

	Six month financial period ended 31 July	
	2011	2011
	RM 000	
	(Unaudited)	
Cash flows from financing activities		
Interest paid	(6,520)	(71,494)
Proceeds from borrowings	3,004,591	492,000
Repayment of finance lease liabilities	(29,642)	(27,308)
Redemption of RPS	(750,000)	-
Dividends paid	(792,971)	(188,646)
Net cash generated from financing activities	1,425,458	204,552
Net (decrease)/increase in cash and cash equivalents	(280,485)	548,574
Effects of foreign exchange rate changes	(25)	55
Cash and cash equivalents at beginning of the financial period	598,336	478,202
Cash and cash equivalents at end of the financial period	317,826	1,026,831

12.4 Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis with respect to the financial year ended 31 January 2012 is based on the historical audited consolidated financial statements of our Group. The discussion and analysis with respect to the six month financial periods ended 31 July 2011 and 2012 are based on the unaudited condensed consolidated financial statements of our Group. The discussion and analysis with respect to the financial years ended 31 January 2010 and 2011 are based on the historical consolidated financial statements of MBNS and its then only subsidiary, MEASAT Digicast. The financial statements included in this Prospectus may not necessarily reflect our financial position, results of operations and cash flows as if we had operated as a group during the said periods. Accordingly, the historical results should not be relied upon as an indicator of our future performance. You should read this Section together with the Accountants' Report and related notes as set out in Section 13 of this Prospectus and our Quarterly report for the financial period ended 31 July 2012 and related notes set out in Annexure E of this Prospectus, where relevant.

Unless the context otherwise requires, references in this section to "we", "our", "us" or like terms, when used with respect to the periods prior to 14 February 2011, refer to the MBNS Group (comprising MBNS and MEASAT Digicast). References when used with respect to periods including and after 14 February 2011 refer to Astro Malaysia and its subsidiaries (which include the MBNS Group).

12.4.1 Overview

We engage in the creation, aggregation and distribution of content over multiple delivery platforms including TV, radio, publications and digital media. During the financial year ended 31 January 2012, we produced approximately 8,000 hours of TV content and as at the LPD, we have produced or commissioned for production over 40,000 hours of TV content. As at 31 July 2012, we broadcast 156 TV channels in total including 68 Astro-created and branded channels with 22 HD channels.

Our revenue was RM2,966.0 million, RM3,378.3 million, RM3,846.7 million and RM2,054.9 million for the financial years ended 31 January 2010, 2011 and 2012 and the six month financial period ended 31 July 2012, respectively. Our pay-TV residential subscriber base consisted of approximately 2,930,000 subscribers, 2,931,000 subscribers, 3,067,000 subscribers and 3,166,000 subscribers as at 31 January 2010, 2011 and 2012 and as at 31 July 2012, respectively. Our Residential ARPU was RM82, RM85, RM89 and RM92 for the financial years ended 31 January 2010, 2011 and 2012 and the six month financial period ended 31 July 2012, respectively.

12.4.2 Basis of presentation

Our audited consolidated financial statements for the financial years ended 31 January 2010 and 2011 comprise the audited consolidated financial results of the MBNS Group, which are presented as the comparatives of our Company. The audited consolidated financial statements presented in this section have been prepared from the following sources:

(i) the audited consolidated financial statements of the MBNS Group for the financial years ended 31 January 2010 and 2011; and

(ii) the audited consolidated financial statements of our Group for the financial year ended 31 January 2012 and the unaudited condensed consolidated financial statements of our Group for the six month financial period ended 31 July 2012.

During the financial year ended 31 January 2012, as part of the Reorganisation, we acquired the entire issued and paid-up share capital of MBNS on 5 April 2011. In addition, we acquired other businesses from subsidiaries of AHSB in March 2011 and April 2011 (as further described in Note 38 of the Accountants' Report as set out in Section 13 of this Prospectus). These business combinations under common control have been accounted for using the acquisition method of accounting in accordance with the principle of FRS 3 "Business Combinations".

MBNS has been identified as the accounting acquirer for these business combinations. Accordingly, although the consolidated financial statements have been prepared by our Company, being the legal parent, they are in substance a continuation of the consolidated financial statements of our legal subsidiary, MBNS and its then only subsidiary, MEASAT Digicast.

The share capital shown in our audited consolidated financial statements, including comparatives, is our Company's issued and paid-up share capital. The acquisition of MBNS by us is deemed a capital reorganisation and the difference between the consideration and the NA of MBNS at the date of acquisition has been taken to capital reorganisation reserve. The results of MBNS are presented from 1 February 2011 to 31 January 2012 in our audited consolidated financial statements although the acquisition of MBNS was completed on 5 April 2011.

The net identifiable assets and liabilities and post-acquisition results of the acquired businesses have been included in our consolidated financial statements from the respective acquisition dates in March 2011 and April 2011.

The consolidated financial statements of our Group have been prepared under the historical cost convention, except where otherwise stated in the accounting policies as disclosed in Note 3 of Section II of the Accountants' Report. The consolidated financial statements for the financial years ended 31 January 2010, 2011 and 2012 were prepared in accordance with the FRS and the unaudited condensed consolidated financial statements for the six month financial period ended 31 July 2012 were prepared in accordance with MFRS.

12.4.3 Factors affecting our financial condition and results of operations

During the financial years ended 31 January 2010, 2011 and 2012, and the six month financial period ended 31 July 2012, our financial condition and results of operations were affected by, among others, the principal factors set forth below.

(i) Number of residential subscribers and Residential ARPU

A substantial portion of our revenue is derived from residential subscriptions which is dependent on the number of residential subscribers and Residential ARPU. As at 31 January 2010, 2011 and 2012 and as at 31 July 2012, the number of pay-TV residential subscribers was approximately 2,930,000, 2,931,000, 3,067,000 and 3,166,000, respectively. The increase in pay-TV residential subscribers was primarily a result of our further penetration into Malay households.

Residential ARPU was RM82, RM85, RM89 and RM92 for the financial years ended 31 January 2010, 2011 and 2012 and the six month financial period ended 31 July 2012, respectively. The increase in Residential ARPU was primarily a result of higher take-up of our premium products and services, including Astro B.yond HD, Astro B.yond PVR, Astro B.yond IPTV, and pay-per-view services, increases in the prices of our products and services and our repackaging and product bundling strategies. Consequently, as at 31 January 2010, 2011 and 2012 and as at 31 July 2012, the level of HD take-up was approximately 24,000, 304,000, 772,000 and 1,081,000 subscribers, respectively, making up 1%, 10%, 25% and 34% of the total number of our pay-TV subscribers, respectively.

As we continue to penetrate into lower income segments in Malaysia, there has been some downward pressure on our Residential ARPU as such subscribers have historically been less likely to purchase premium products and services, although the relative impact historically on our Residential ARPU by such subscribers has been minimal. Nevertheless, we continue to have targeted programmes to increase our Residential ARPU to address our customers' change in lifestyle and viewing needs.

(ii) Churn

An increasing rate of churn can impact our residential subscriber base, while any amount of churn generally results in operating expenses as a result of efforts to acquire new subscribers and retain existing subscribers. We attempt to manage our churn through a combination of subscriber retention management strategies and by aiming to provide innovative and comprehensive content offerings catering to the diverse needs of our various customer segments. Our MAT churn rate for our residential subscribers was 11%, 10%, 7% and 8% in the financial years ended 31 January 2010, 2011, 2012, and the six month financial period ended 31 July 2012, respectively.

In Malaysia, churn arises mainly as a result of personal economic factors, and to a lesser extent, changes in consumers' media consumption preferences and competitive influences. In addition, churn tends to be cyclical as certain quarters of a year have a higher rate of subscriber disconnections. For example, churn tends to increase during the first and fourth quarters of any calendar year because typically more disposable income is allocated by households towards events such as the start of the school year and key holidays falling during these times. Our ability to manage churn in the future will likely be dependent on our ability to execute our targeted retention programmes, compete with new entrants to the pay-TV sector, procure and create relevant content and provide differentiated customer service through our customer service channels.

(iii) Content

Content has been the largest component of cost of sales, comprising 56.8%, 61.8% and 52.3% of our cost of sales for the financial years ended 31 January 2010, 2011 and 2012, respectively and 52.0% of our cost of sales for the six month financial period ended 31 July 2012. Content costs were 34.6%, 35.0%, 32.2% and 33.1% of revenue from our TV segment for the financial years ended 31 January 2010, 2011 and 2012 and the six month financial period ended 31 July 2012, respectively. Our content costs comprise programme provider fees, amortisation of programme rights and production costs. We secured a combination of exclusive and non-exclusive programme rights, the contract periods for which generally span several years and, where possible, over multiple delivery platforms. Content is procured either on a flat fee basis, on a per subscriber basis, on a revenue sharing basis or a combination of these.

The decrease in content costs in the financial year ended 31 January 2012 was primarily due to intercompany eliminations arising from the sale of content between the companies acquired by us during the financial year and MBNS. If the effects of eliminations from similar transactions were accounted for in the financial years ended 31 January 2010 and 2011, there would be an increase in content costs in the financial year ended 31 January 2012, and this increase would be primarily due to the addition of new channels to expand our channel offerings, the addition of HD channels to increase our HD penetration, the increase in content prices due to inflation and the increase in local production.

(iv) Customer acquisition cost and customer conversion cost

We incur expenses in obtaining new subscribers, including sales and distribution expenses (including incentives), marketing and promotional expenses, installation costs, and set-top boxes costs. We have extensive sales networks that target various customer segments to increase our effective market reach and to achieve cost efficiencies in distribution. The average customer acquisition cost of each new residential subscriber was RM691, RM630, RM636, and RM589 in the financial years ended 31 January 2010, 2011, 2012, and the six month financial period ended 31 July 2012, respectively. Customer acquisition cost comprises expenses, such as marketing and installation costs, which are expensed when incurred and Astro B.yond set-top box costs which are capitalised and depreciated over three years.

In addition, although the cost of Astro B.yond set-top boxes is capitalised, we incur expenses, such as marketing and related set-top boxes expenses, in migrating our existing subscribers to the Astro B.yond set-top boxes. The average customer conversion cost is similar to the average customer acquisition cost, subject to certain differences arising from the manner in which we approach and market to our customers.

Marketing efforts relating to the conversion of our existing subscribers to Astro B.yond set-top boxes which commenced in the financial year ended 31 January 2010 have increased substantially since commencement and are expected to continue until the financial year ending 31 January 2014. As at 31 January 2012, 1.2 million subscribers had been converted to Astro B.yond set-top boxes, increasing to approximately 1.6 million subscribers as at 31 July 2012, representing 37.7% and 50.5% of our residential subscribers, respectively, and we expect that by 31 January 2014 a greater majority of our subscriber base will be using the Astro B.yond set-top boxes. We expect our customer conversion costs to continue to increase during the conversion period principally due to these marketing efforts, as well as the higher costs of the set-top boxes and their related expenses, and increases in distribution expenses. We also expect increases in depreciation costs relating to the depreciation of the Astro B.yond set-top boxes. In addition, as the purchases of Astro B.yond set-top boxes are typically financed through vendor financing, we expect to have increased interest costs associated with the additional vendor financing.

Our customer acquisition and conversion costs are principally affected by (i) economies of scale, as we believe a large and growing subscriber base will allow us to use our scale to manage the per-unit cost of set-top boxes and distribution expenses, (ii) fluctuations in foreign exchange rates as the cost of purchasing set-top boxes are typically incurred in USD, (iii) marketing activities and (iv) our customer acquisition and conversion numbers.

(v) Advertising

We derive advertising revenue from our TV, radio, print and digital services businesses. Our advertising customers are diverse with national and international consumer brands. We believe our ability to acquire new advertising customers and to generate recurring revenue from our existing customers is improved by our ability to increase our subscriber base, product offerings, channel share and programme ratings and advertisers' preference for targeted advertising. In addition, advertising revenue can be affected by overall economic conditions. For the financial years ended 31 January 2010, 2011 and 2012 and the six month financial period ended 31 July 2012, airtime sales from our TV operations as a percentage of total TV segment revenue amounted to 4.8%, 6.4%, 7.0% and 6.8%, respectively, while airtime sales from our radio operations amounted to 4.5% and 4.9%, respectively, of total revenue for the financial year ended 31 January 2012 and the six month financial period ended 31 July 2012.

(vi) Capital expenditure

We invest in our broadcasting (including Astro B.yond set-top boxes), production and IT systems to help ensure efficient and effective operations and to position our platforms for further product innovation. In addition, we have upgraded our customer relationship management system which we believe has enhanced our ability to evaluate customer preferences and behaviour through the use of key analytics. For the financial years ended 31 January 2010, 2011 and 2012 and for the six month financial period ended 31 July 2012, we invested RM591.6 million, RM481.7 million, RM545.0 million and RM366.8 million, respectively, in infrastructure and system enhancements. As at 31 July 2012, we had approved and contracted capital expenditure with respect to property, plant and equipment and software of RM1,936.5 million and approved but not contracted capital expenditure of RM574.9 million. This capital expenditure is expected to relate largely to investments in new corporate and technical buildings to cater for the expansion of our business, investment in additional transponders on MEASAT-3B, investment in improvements and expansion of production facilities, expansion into new business segments, new product development, investment in our customer relationship management system, maintenance capital expenditure, as well as the purchase of Astro B.yond set-top boxes.

(vii) Taxation benefits

The Ministry of Finance of Malaysia has granted MSC status to certain companies within our Group for digital content and distribution through a Direct-To-User network, the enhancement of existing digital radio broadcasting network and the introduction of terrestrial digital broadcasting technology, the production of motion pictures and content creation, as well as the development of new software applications and systems connecting disparate technologies in a single coherent network.

With the MSC status, the corporate tax incentives include either a tax exemption period of ten years or an investment tax allowance of 100% on qualifying capital expenditure incurred within five years to be offset against 100% of the statutory income from the approved projects. Notwithstanding the fact that the corporate tax incentive periods from the MSC incentives have ended, as at 31 January 2012, we had an unutilised investment tax allowance of RM25.6 million for our software development business that may be utilised against future taxable profits from the development of new software applications and systems.

Apart from the corporate tax incentive, the MSC status also provides for indirect tax incentive in the form of duty exemption on the importation of production and multimedia equipment. There is no expiration period to the MSC status. As such, duty exemptions on the importation of production and multimedia equipment will continue to be enjoyed by the MSC status entities within our Group so long as these entities continue to undertake the qualifying MSC activities for which they had been granted approval.

(viii) Financing costs

We had total borrowings and finance lease liabilities of RM4,235.8 million as at 31 July 2012, comprising short term liabilities of RM36.4 million and long term liabilities of RM4,199.4 million. Most of our floating rate borrowings and all of our foreign currency denominated borrowings are hedged. As at 31 July 2012, our cash and bank balances were RM1,026.8 million. For the financial years ended 31 January 2010, 2011 and 2012 and the six month financial period ended 31 July 2012, our interest expense amounted to RM68.4 million, RM74.7million, RM149.9 million and RM109.8 million, respectively. For further information, please refer to Section 12.4.9 of this Prospectus.

In addition, certain of our credit facilities contain covenants which may limit our operating and financing activities.

Our deferred payment arrangements with respect to our set-top boxes purchases entail the issuance of promissory notes or letters of credit, as applicable, to the suppliers upon receipt of invoice or prior to delivery. The suppliers then indorse these promissory notes or present the letters of credit to the banks to receive payment. We are only required to make periodic interest payments up to the maturity of the applicable promissory note or letter of credit at the end of a 24 or 36-month period, as applicable, at which point the principal amount is due. As at 31 July 2012, such vendor financing for our set-top boxes amounted to RM594.4 million and is reflected in our balance sheet under "payables".

(ix) Foreign exchange fluctuations

Our functional currency for financial reporting purposes is RM, and substantially all of our revenue is denominated in RM. Our purchases of set-top boxes, international content costs and transponder lease payments are denominated mainly in USD. As such, the movement of the USD against the RM may have a significant effect on our financial condition and results of operations. A depreciation of the RM against the USD could increase the costs of equipment and content necessary for the operation of our business. Conversely, an appreciation of the RM against the USD may reduce the costs of such equipment and content in RM terms.

12.4.4 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with FRS and MFRS, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires our Directors to exercise their judgment in the process of applying our Group's and Company's accounting policies. Although these estimates and judgment are based on our Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 of Section II of the Accountant's Report set out in Section 13 of this Prospectus.

12.4.5 Selected significant accounting policies

Revenue recognition

We predominantly recognise revenue from subscription fees, airtime revenue, and advertising revenue.

Subscription fees derived from pay-TV services are recognised as earned over the period the services are provided. Subscription fees invoiced prior to services being provided are recognised as unearned revenue.

Airtime revenue derived from the placement of commercials on our TV channels is recognised in the period during which the commercials are aired.

Airtime and multimedia advertising revenue is recognised upon the broadcast of commercials on radio stations or the posting of advertisements on websites, respectively, net of service tax and discounts.

Advertising revenue from the sale of advertising space in magazines is recognised in the period during which the advertisements are published.

Certain advertising revenue is generated in barter transactions in exchange for equipment, goods or services, provided by the advertisers. Such revenue is recorded at the estimated fair market value of the equipment, goods and services received.

The revenue is recognised over the period of the contracts as the commercials are aired or published. The equipment and goods received are recorded at the fair market value as assets when the equipment and goods qualify for asset recognition or they are otherwise expensed. Services received in exchange for the Group's services are expensed over the service period.

Revenue from the sale of non-Astro B.yond set-top boxes is recognised in the period the set-top boxes are delivered as ownership is transferred to the customer upon delivery. Astro B.yond set-top boxes, on the other hand, are not sold, as ownership of these boxes remains with us, as disclosed in Note 3.2 of Section II of the Accountants' Report set out in Section 13 of this Prospectus.

Revenue from the provision of film library and programme rights to a licensee is recognised in the period the rights are available to the licensee.

Fees from the development of multimedia and interactive applications are recognised over the contractual period in which the development takes place. Fees from the right to access multimedia and interactive applications are recognised over the period in which the services are provided.

Interest income is recognised using the effective interest method.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated on a straight line basis to write off the cost of each asset to the residual value over its estimated useful life. 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
Satellite transponders	15 years
Equipment, fixtures and fittings	4 - 10 years
Broadcast and transmission equipment	3 - 10 years

Freehold land is not depreciated as it has an unlimited useful life.

Broadcast and transmission equipment mainly comprises Astro B.yond set-top boxes used to provide our HD services to our subscribers. These specific Astro B.yond set-top boxes remain as our property after installation, and are recoverable if the subscriber contract is terminated. The Astro B.yond set-top boxes are capitalised and depreciated over their useful economic life of three years, which is based on management's judgment of the risk of technical obsolescence and expected churn rates. Due to the inherent difficulty of making the estimate, the estimated useful life of the Astro B.yond set-top boxes may change based on, among other things, change in technology as well as responses to competitive conditions.

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

At each balance sheet date, we assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. A write down is made if the carrying amount exceeds the recoverable amount. Please refer to Note 3.6 of Section II of the Accountants' Report set out in Section 13 of this Prospectus on impairment of non-financial assets.

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

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

Finance leases

Leases of property, plant and equipment where we assume 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 liability and finance charges so as to achieve a periodic constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included as part of borrowings.

Assets acquired under finance leases are depreciated according to our depreciation policy on property, plant and equipment.

Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition of a subsidiary/associate/jointly controlled entity over the fair value of our share of the net identifiable assets of the acquired subsidiary/associate/jointly controlled entity at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of investments accounted for using the equity method is included in the investments. Goodwill is not amortised, but is subject to an annual review for impairment and carried at cost less accumulated impairment losses. Any impairment is charged to the income statement as it arises. The calculation of the gains and losses on disposal takes into account the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. Please refer to Note 4(c) of Section II of the Accountants' Report set out in Section 13 of this Prospectus on impairment test for goodwill.

(ii) Software development

No amortisation is calculated on software development until the software is completed and is ready for its intended use.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as and when incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

At each balance sheet date, we assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Please refer to Note 3.6 of Section II of the Accountants' Report set out in Section 13 of this Prospectus on impairment of non-financial assets.

(iii) Brands

Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands have indefinite useful lives and are not amortised, but are subject to annual review for impairment and carried at cost less accumulated impairment losses. Any impairment is charged to the income statement as it arises.

The useful lives of our radio brands are estimated to be indefinite due to the brands' strong position in the market and the clear precedents of similar radio companies which have adopted an indefinite life for the radio brands. We believe there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for us.

(iv) Programme rights

The programme rights comprise rights licensed from third parties and programmes produced for us and production in progress with the primary intention to broadcast in the normal course of our operating cycle. The rights are stated at cost less accumulated amortisation.

We amortise programme rights based on an accelerated basis over the licence period, or the programme rights' estimated useful life if shorter, from the date of first transmission, to match the costs of consumption with the estimated benefits to be received. The estimated benefits to be received are based on our management's estimate of the number of times a programme will be broadcast and the relative value associated with each broadcast. Amortisation is included in cost of sales. The amortisation period is not more than three years.

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

At each balance sheet date, we assess whether there is any indication of impairment to programme rights. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Please refer to Note 3.6 of Section II of the Accountants' Report set out in Section 13 of this Prospectus on impairment of non-financial assets.

Contingent liabilities and assets

We do not recognise a contingent liability but disclose its existence in the consolidated financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond our control or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond our control. We disclose the existence of contingent assets where inflows of economic benefits are probable, but not certain.

Provisions

Provisions are recognised when we have a present legal or constructive obligation as a result of past events, when it is more likely than not that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

We document at the inception of the transaction the relationship between hedging instruments and hedged items, as well as our risk management objectives and strategy for undertaking various hedging transactions. We also document our assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of the various derivative instruments used for hedging purposes are disclosed in Note 24 of Section III(b) of the Accountants' Report set out in Section 13 of this Prospectus. The movements on the hedging reserve in shareholders' equity are shown in the Statements of Changes in Equity of the Accountants' Report set out in Section 13 of this Prospectus. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

(i) Cash flow hedges

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. However, when a forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(ii) Derivatives at fair value through profit or loss

Changes in the fair value of derivative financial instrument that do not qualify for hedge accounting are recognised in the income statement as they arise.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in the income statement.

12.4.6 Components of revenue

For the financial years ended 31 January 2010, 2011 and 2012 and the six month financial periods ended 31 July 2011 and 2012, our revenue was mainly derived from our pay-TV segment.

The principal components of our revenue for the financial years ended 31 January 2010, 2011 and 2012 and the six month financial periods ended 31 July 2011 and 2012 are discussed below.

The following table sets forth our revenue by principal segments for the periods indicated.

	Financial year ended 31 January						Six month financial period ended 31 July			
	2010		2011		2012		2011		2012	
	RM 000 (Audited)	%	RM 000 (Audited)	%	RM 000 (Audited)	%	RM 000 (Unaudited)	%	RM 000 (Unaudited)	%
TV segment	2,959,781	99.8	3,372,027	99.8	3,598,388	93.5	1,720,666	94.8	1,928,897	93.9
Radio segment	-	-	-	-	173,295	4.5	67,562	3.7	99,967	4.9
Others[(1)]	6,256	0.2	6,231	0.2	74,994	2.0	27,713	1.5	26,072	1.2
Total	2,966,037	100.0	3,378,258	100.0	3,846,677	100.0	1,815,941	100.0	2,054,936	100.0

Note:

(1) Comprises operations related to the letting of property, managed services, magazine publication and distribution, digital services and corporate function.

TV segment

The following table sets forth the components of our revenue from the TV segment for the periods indicated:

	Financial year ended 31 January						Six month financial period ended 31 July			
	2010		2011		2012		2011		2012	
	RM 000	%	RM 000	%	RM 000	%	RM 000	%	RM 000	%
Subscription	2,788,685	94.2	3,072,090	91.1	3,273,098	91.0	1,572,917	91.4	1,767,782	91.7
Airtime sales	143,031	4.8	216,420	6.4	251,424	7.0	116,294	6.8	131,295	6.8
Others[(1)]	28,065	1.0	83,517	2.5	73,866	2.0	31,455	1.8	29,820	1.5
Total	2,959,781	100.0	3,372,027	100.0	3,598,388	100.0	1,720,666	100.0	1,928,897	100.0

Note:

(1) Mainly comprises sales of programma rights, theatrical revenue and activation fees.

The TV segment recognises revenue principally from subscription fees, airtime sales, sales of programme rights, theatrical revenue and activation fees.

Most subscriptions are from residential subscribers, but we also provide subscription services to commercial establishments, such as restaurants, lounges and hotels.

Pay-per-view fees are also included in our subscription fee revenue. Revenue derived from subscription fees is a function of the number of subscribers, the number of subscriptions per subscriber, the mix of programming packages selected by subscribers, the volume of pay-per-view programmes taken up and the rates charged for these services.

Revenue from airtime sales is a function of demand for airtime by advertisers, the spot rate at which we can sell available airtime and our ability to attract audiences with demographic elements that are attractive to advertisers.

The TV segment also derives other revenue from the sales of programme rights related to our in-house productions, sub-licences for the purchase of certain purchased programme rights and theatrical revenue.

Radio segment

The following table sets forth our revenue from the radio segment for the periods indicated:

	Financial year ended 31 January			Six month financial period ended 31 July	
	2010	2011	2012	2011	2012
			RM 000		
Radio segment	–	–	173,295	67,562	99,967

Substantially all of the radio segment's revenue is derived from airtime sales on our nine terrestrial FM stations. Revenue is a function of demand for airtime by advertisers and the spot rate at which we can sell available airtime and our ability to attract audiences with demographic elements that are attractive to advertisers. This revenue is enhanced by the sale of integrated promotions to clients in the form of on-air, on-the-street and on-line campaigns. Airtime sales are often packaged so that multiple advertisements are sold to each advertiser on numerous radio channels and through Internet websites of our nine terrestrial FM stations.

(The rest of this page has been intentionally left blank)

12.4.7 Components of cost of sales

Our cost of sales mainly comprise content costs, staff related costs, depreciation and amortisation and set-top box and smartcard costs.

The following table sets forth the principal components of our cost of sales and such costs expressed as a percentage of our cost of sales, for the periods indicated:

	Year ended 31 January						Six month financial period ended 31 July			
	2010		2011		2012		2011		2012	
	RM 000	%	RM 000	%	RM 000	%	RM 000	%	RM 000	%
Content costs	1,023,110	56.8	1,180,180	61.8	1,157,183	52.3	539,212	53.4	638,757	52.0
Staff related costs	110,391	6.1	135,721	7.1	237,591	10.7	100,572	10.0	131,091	10.7
Depreciation and amortisation	122,628	6.8	229,434	12.0	346,808	15.7	161,500	16.0	218,396	17.8
Set-top box and smartcard costs	379,364	21.1	151,904	8.0	124,010	5.6	48,597	4.8	83,588	6.8
Licences, copyrights and royalty fee	23,180	1.3	25,073	1.3	53,025	2.4	22,892	2.3	20,753	1.7
Professional and consultancy fees	6,285	0.3	12,313	0.6	66,331	3.0	30,618	3.0	29,300	2.3
Collection agency commission	29,623	1.6	41,290	2.2	48,666	2.2	24,425	2.4	25,086	2.0
Maintenance cost	17,134	1.0	29,902	1.6	40,838	1.8	16,391	1.6	14,739	1.2
Other cost of sales	90,357	5.0	102,533	5.4	138,205	6.3	65,605	6.5	67,744	5.5
Cost of sales	1,802,072	100.0	1,908,350	100.0	2,212,657	100.0	1,009,812	100.0	1,229,454	100.0

The principal components of our cost of sales are set forth below.

(i) Content costs

Content costs comprise programme provider fees, amortisation of programme rights and production costs.

(ii) Staff related costs

Staff related costs mainly comprise wages and salaries, defined contribution plans, staff welfare and allowances and employee benefits-in-kind.

(iii) Depreciation and amortisation

Depreciation and amortisation comprise the depreciation for the capitalised cost of the Astro B.yond set-top boxes and depreciation for other property, plant and equipment such as satellite transponders, equipment, fixtures and fittings.

(iv) Set-top box and smartcard costs

Set-top box and smartcard costs mainly comprise installation costs and the costs of non-Astro B.yond set-top boxes provided to subscribers and smartcard rentals.

(v) Licences, copyrights and royalty fees

Licences, copyrights and royalty fees mainly comprise broadcast fees paid to regulators, browser licence fees, royalties paid for music copyrights and recording services fees.

(vi) Professional and consultancy fees

Professional and consultancy fees mainly comprise fees paid to consultants, fees paid for managed services as well as legal and stamping fees.

(vii) Collection agency commission

Collection agency commission comprise commission paid to debt collection agencies for services rendered in following up on outstanding receivables.

(viii) Maintenance costs

Maintenance costs comprise costs incurred in restoring and upkeeping infrastructure and equipment such as platforms, software and websites.

(ix) Other cost of sales

Other cost of sales primarily comprise telecommunication services related charges and expenses, transmission costs and office and general expenses.

Gross profit

Our gross profit is the difference between our revenue and our cost of sales.

Other operating income

Other operating income mainly comprises gains from disposal of property, plant and equipment, playout channel fee, subtitling revenue and other miscellaneous income.

Marketing and distribution costs

Marketing and distribution costs mainly comprise advertising expenses, supply chain management costs and staff costs relating to sales and marketing personnel.

Administrative expenses

Administrative expenses mainly comprise rental expenses, staff costs, professional and consultancy fees and depreciation and amortisation. Staff related costs comprise wages and salaries, defined contribution plans, staff welfare and allowances, and employee benefits-in-kind incurred for administrative staff. Professional and consultancy fees mainly comprise management consultancy fee, professional fees incurred in relation to the implementation of the customer relationship management system and legal and stamping fees. Depreciation and amortisation mainly comprise depreciation on computer hardware and amortisation of computer software.

Finance income

Finance income mainly comprises interest from deposits and foreign exchange gains.

Finance costs

Finance costs mainly comprise interest expense from borrowings, interest expense from vendor financing, foreign exchange losses, and fair value losses on derivatives.

In the financial year ended 31 January 2012, we drew down term loans of RM3,004.6 million, resulting in an increase in interest expenses for the financial year ended 31 January 2012.

Share of post tax results from investments accounted for using the equity method

Our share of post tax results from investments accounted for using the equity method is dependent on the results of our associates and jointly controlled entities. Starting from the financial year ended 31 January 2012, our associates consist of Kristal-Astro, Advanced Wireless Technologies and UMTS (Malaysia), and our jointly controlled entities are Endemol Malaysia and Nusantara Edaran Filem. Please refer to Section 6.3 of this Prospectus for further details on our associates and jointly controlled entities.

The results of operations of our associates and jointly controlled entities are accounted for under the equity method as share of results from an associate or a jointly controlled entity, as applicable, and are not consolidated in our consolidated financial statements.

Tax expense

Tax expense comprises current and deferred tax.

12.4.8 Results of operations

Six month financial period ended 31 July 2012 compared to the six month financial period ended 31 July 2011

Revenue

Revenue increased by RM239.0 million, or 13.2%, from RM1,815.9 million for the six month financial period ended 31 July 2011 to RM2,054.9 million for the six month financial period ended 31 July 2012. This increase was primarily attributable to an increase in revenue from the TV segment, which accounted for 93.9% of total revenue for the six month financial period ended 31 July 2012, and an increase from the radio segment as a result of the Reorganisation.

<u>TV</u>

Total revenue for the TV segment increased by RM208.2 million, or 12.1%, from RM1,720.7 million for the six month financial period ended 31 July 2011 to RM1,928.9 million for the six month financial period ended 31 July 2012. This increase was primarily attributable to an increase in subscription revenue.

Subscription revenue increased by RM194.9 million, or 12.4%, from RM1,572.9 million for the six month financial period ended 31 July 2011 to RM1,767.8 million for the six month financial period ended 31 July 2012. This increase was primarily attributable to an increase in the pay-TV residential subscriber base with a net addition of approximately 99,000 residential subscribers during the six month financial period ended 31 July 2012, which reflected a gross addition of approximately 236,000 residential subscribers and MAT Churn rate of 8% during the period, as well as an increase in Residential ARPU from RM87 for the six month financial period ended 31 July 2011 to RM92 for the six month financial period ended 31 July 2012 following the introduction of package bundling (Super Packs) in May 2011, an increase in the purchase of movies on Astro First, an increase in HD services take-up and an upward pricing revision of some of our packages in July 2011.

In addition, revenue from airtime sales increased by RM15.0 million, or 12.9%, from RM116.3 million for the six month financial period ended 31 July 2011 to RM131.3 million for the six month financial period ended 31 July 2012. This increase was primarily attributable to an increase in demand from advertisers due to sporting events held during the six month financial period ended 31 July 2012.

Other TV revenue decreased by RM1.7 million, or 5.4%, from RM31.5 million for the six month financial period ended 31 July 2011 to RM29.8 million for the six month financial period ended 31 July 2012. This decrease was primarily attributable to sales of programme rights and lower activation fees.

Radio

Total revenue from radio segment increased by RM32.4 million, or 47.9%, from RM67.6 million for the six month financial period ended 31 July 2011 to RM100.0 million for the six month financial period ended 31 July 2012. The increase was primarily attributable to the radio entities contributing approximately four months of revenue for the six month financial period ended 31 July 2011 as the acquisition of radio entities as part of the Reorganisation was completed in April 2011 and a general increase in advertising sales primarily due to stronger listenership ratings across our radio stations.

Others

Total revenue from other operating segments decreased by RM1.6 million, or 5.8%, from RM27.7 million for the six month financial period ended 31 July 2011 to RM26.1 million for the six month financial period ended 31 July 2012. This decrease was primarily attributable to a decrease in revenue from the digital business.

Cost of sales

Cost of sales increased by RM219.7 million, or 21.8%, from RM1,009.8 million for the six month financial period ended 31 July 2011 to RM1,229.5 million for the six month financial period ended 31 July 2012. This increase was primarily attributable to an increase in content costs, depreciation and amortisation, staff related costs and set-top box and smartcard costs.

Content costs increased by RM99.6 million, or 18.5%, from RM539.2 million for the six month financial period ended 31 July 2011 to RM638.8 million for the six month financial period ended 31 July 2012. The increase was primarily attributable to the introduction of additional channels, an increase in Malay signature programmes, as well as an increase in payments to program providers following higher take up of packages by subscribers.

Depreciation and amortisation increased by RM56.9 million, or 35.2%, from RM161.5 million for the six month financial period ended 31 July 2011 to RM218.4 million for the six month financial period ended 31 July 2012. The increase was primarily attributable to depreciation arising from a higher deployment of Astro B.yond set-top boxes to new and existing subscribers.

Staff related costs increased by RM30.5 million, or 30.3%, from RM100.6 million for the six month financial period ended 31 July 2011 to RM131.1 million for the six month financial period ended 31 July 2012, primarily as a result of an increase in headcount and overall compensation levels.

Set-top box and smartcard costs increased by RM35.0 million, or 72.0%, from RM48.6 million for the six month financial period ended 31 July 2011 to RM83.6 million for the six month financial period ended 31 July 2012 primarily due to higher installation costs as a result of higher volume of set-top boxes being installed as we migrated our subscribers to Astro B.yond set-top boxes.

Gross profit

As a result of the foregoing, our gross profit increased by RM19.4 million, or 2.4%, from RM806.1 million for the six month financial period ended 31 July 2011 to RM825.5 million for the six month financial period ended 31 July 2012.

Other operating income

Other operating income increased by RM5.5 million, or 51.4%, from RM10.7 million for the six month financial period ended 31 July 2011 to RM16.2 million for the six month financial period ended 31 July 2012 primarily due to higher playout channel service fee.

Marketing and distribution costs

Total marketing and distribution costs increased by RM83.0 million, or 64.9%, from RM127.8 million for the six month financial period ended 31 July 2011 to RM210.8 million for the six month financial period ended 31 July 2012. This increase was primarily attributable to higher marketing costs incurred to acquire additional customers, which resulted in higher warehousing costs as well as higher payment of sales incentives.

Administrative expenses

Total administrative expenses increased by RM42.4 million, or 28.2%, from RM150.5 million for the six month financial period ended 31 July 2011 to RM192.9 million for the six month financial period ended 31 July 2012. This increase was primarily attributable to higher staff related costs, maintenance costs, and provision for doubtful debts. The maintenance costs under administrative expenses mainly comprised maintenance of computer hardware and software. In addition, the higher administrative expenses recorded for the six month financial period ended 31 July 2012 was due to administrative expenses incurred by entities acquired under the Reorganisation were only recorded from their respective acquisition dates in March and April 2011 as compared with six months of administrative expenses recorded in the six month financial period ended 31 July 2012.

Finance income

Finance income increased by RM7.4 million, or 25.2%, from RM29.4 million for the six month financial period ended 31 July 2011 to RM36.8 million for the six month financial period ended 31 July 2012. This increase was primarily attributable to higher interest income arising from advances to the holding company, which were settled as at April 2012.

Finance costs

Finance costs increased by RM111.5 million, or 176.7%, from RM63.1 million for the six month financial period ended 31 July 2011 to RM174.6 million for the six month financial period ended 31 July 2012. This increase was primarily attributable to an increase in interest expenses due to term loans which were drawndown in May 2011 and June 2011 and unrealised foreign exchange loss.

PBT

As a result of the foregoing, PBT decreased by RM202.6 million, or 40.2%, from RM504.4 million for the six month financial period ended 31 July 2011 to RM301.8 million for the six month financial period ended 31 July 2012.

Tax expenses

Tax expense decreased by RM50.5 million, or 37.7%, from RM133.8 million for the six month financial period ended 31 July 2011 to RM83.3 million for the six month financial period ended 31 July 2012. This decrease was primarily attributable to lower profit recorded for the six month financial period ended 31 July 2012.

Profit for the six month financial period

As a result of the foregoing, profit decreased by RM152.2 million, or 41.1%, from RM370.7 million for the six month financial period ended 31 July 2011 to RM218.5 million for the six month financial period ended 31 July 2012.

Financial year ended 31 January 2012 compared to financial year ended 31 January 2011

Revenue

Revenue increased by RM468.4 million, or 13.9%, from RM3,378.3 million for the financial year ended 31 January 2011 to RM3,846.7 million for the financial year ended 31 January 2012. This increase was primarily attributable to an increase in revenue from the TV segment, which accounted for 93.5% of total revenue for the financial year ended 31 January 2012 as well as an increase in revenue attributable to the addition of the radio and other business segments as a result of the Reorganisation.

<u>TV</u>

Total revenue for the TV segment increased by RM226.4 million, or 6.7%, from RM3,372.0 million for the financial year ended 31 January 2011 to RM3,598.4 million for the financial year ended 31 January 2012. This increase was primarily attributable to an increase in subscription revenue and airtime sales, partially offset by a decrease in other TV revenue.

Subscription revenue increased by RM201.0 million, or 6.5%, from RM3,072.1 million for the financial year ended 31 January 2011 to RM3,273.1 million for the financial year ended 31 January 2012. This increase was primarily attributable to an increase in our residential subscriber base with a net addition of 136,000 residential subscribers for the financial year ended 31 January 2012, which reflected a gross addition of 334,000 residential subscribers and MAT Churn rate of 7% during the financial year, and an increase in Residential ARPU from RM85 for the financial year ended 31 January 2011 to RM89 for the financial year ended 31 January 2012, reflecting a higher take-up of HD services, from 304,000 as at 31 January 2011 to 772,000 as at 31 January 2012, the introduction of package bundling (Super Packs) in May 2011, an increase in the purchase of movies on Astro First and an upward pricing revision of some of our packages in July 2011.

In addition, revenue from airtime sales increased by RM35.0 million, or 16.2%, from RM216.4 million for the financial year ended 31 January 2011 to RM251.4 million for the financial year ended 31 January 2012. This increase was primarily attributable to an increase in general demand for TV advertising.

Other TV revenue decreased by RM9.6 million, or 11.5%, from RM83.5 million for the financial year ended 31 January 2011 to RM73.9 million for the financial year ended 31 January 2012. This decrease was primarily attributable to lower sales of programme rights.

Radio
Our radio segment contributed RM173.3 million to total revenue in the financial year ended 31 January 2012 following the acquisition of radio entities as a result of the Reorganisation.

Others
Total revenue from other operating segments increased by RM68.8 million, or 1,109.7%, from RM6.2 million for the financial year ended 31 January 2011 to RM75.0 million for the financial year ended 31 January 2012. This increase was primarily attributable to revenue contributed by the digital services business, publication business and management fees charged to related companies as a result of the Reorganisation.

Cost of sales

Cost of sales increased by RM304.3 million, or 15.9%, from RM1,908.4 million for the financial year ended 31 January 2011 to RM2,212.7 million for the financial year ended 31 January 2012. This increase was primarily attributable to an increase in depreciation and amortisation, staff related costs and professional and consultancy fees, partially offset by a decrease in content costs and set-top box and smartcard costs.

Content costs decreased by RM23.0 million, or 1.9%, from RM1,180.2 million for the financial year ended 31 January 2011 to RM1,157.2 million for the financial year ended 31 January 2012. The decrease in content costs was primarily as a result of intercompany eliminations arising from sale of content between the companies acquired by our group during the financial year and MBNS.

Staff related costs increased by RM101.9 million, or 75.1%, from RM135.7 million for the financial year ended 31 January 2011 to RM237.6 million for the financial year ended 31 January 2012, primarily as a result of an increase in headcount in the ordinary course of business and as a result of new entities acquired as part of the Reorganisation and an increase in overall compensation levels.

Depreciation and amortisation increased by RM117.4 million, or 51.2%, from RM229.4 million for the financial year ended 31 January 2011 to RM346.8 million for the financial year ended 31 January 2012. The increase was primarily attributable to depreciation arising from a higher deployment of Astro B.yond set-top boxes as a result of an increase in HD and PVR take-up by new and existing subscribers as well as conversion.

Set-top box and smartcard costs decreased by RM27.9 million, or 18.4%, from RM151.9 million for the financial year ended 31 January 2011 to RM124.0 million for the financial year ended 31 January 2012 primarily due to a reduction in the deployment of SD set-top boxes as we migrated our subscribers to Astro B.yond set-top boxes.

Professional and consultancy fees increased by RM54.0 million, or 439.0%, from RM12.3 million for the financial year ended 31 January 2011 to RM66.3 million for the financial year ended 31 January 2012 primarily due to higher managed services fees in relation to the customer relationship management system, and professional fees incurred in relation to the price revision exercise.

Gross profit

As a result of the foregoing, our gross profit increased by RM164.1 million, or 11.2%, from RM1,469.9 million for the financial year ended 31 January 2011 to RM1,634.0 million for the financial year ended 31 January 2012.

Other operating income

Other operating income decreased by RM0.7 million, or 2.6%, from RM27.3 million for the financial year ended 31 January 2011 to RM26.6 million for the financial year ended 31 January 2012 primarily due to a gain on disposal of certain property, plant and equipment that was recognised for the financial year ended 31 January 2011.

Marketing and distribution costs

Total marketing and distribution costs increased by RM40.1 million, or 14.7%, from RM273.3 million for the financial year ended 31 January 2011 to RM313.4 million for the financial year ended 31 January 2012. This increase was primarily attributable to an increase in marketing activities and initiatives to promote higher adoption of products and services, such as HD, PVR, Astro First and content packages such as Mustika and Indo Pek.

Administrative expenses

Total administrative expenses increased by RM118.2 million, or 49.1%, from RM240.7 million for the financial year ended 31 January 2011 to RM358.9 million for the financial year ended 31 January 2012. This increase was primarily attributable to an increase in depreciation expense relating to computer hardware and amortisation of computer software, and staff related costs as a result of new entities acquired as part of the Reorganisation.

Finance income

Finance income decreased by RM45.9 million, or 40.2%, from RM114.2 million for the financial year ended 31 January 2011 to RM68.3 million for the financial year ended 31 January 2012. This decrease was primarily attributable to unrealised foreign exchange gains for the financial year ended 31 January 2011.

Finance costs

Finance costs increased by RM101.8 million, or 113.6%, from RM89.6 million for the financial year ended 31 January 2011 to RM191.4 million for the financial year ended 31 January 2012. This increase was primarily attributable to an increase in interest expenses in respect of term loans drawndown in the financial year ended 31 January 2012. This increase was partially offset by a decrease in interest expenses for finance leases and vendor financing for the financial year ended 31 January 2012 as a result of a decrease in the effective interest rate for vendor financing.

PBT

As a result of the foregoing, PBT decreased by RM138.4 million, or 13.7%, from RM1,007.8 million for the financial year ended 31 January 2011 to RM869.4 million for the financial year ended 31 January 2012.

Tax expense

Tax expense decreased by RM24.4 million, or 9.4%, from RM259.6 million for the financial year ended 31 January 2011 to RM235.2 million for the financial year ended 31 January 2012. This decrease was primarily attributable to lower PBT recorded for the financial year ended 31 January 2012 as compared to the financial year ended 31 January 2011.

Profit for the financial year

As a result of the foregoing, profit decreased by RM113.9 million, or 15.2%, from RM748.1 million for the financial year ended 31 January 2011 to RM634.2 million for the financial year ended 31 January 2012.

Financial year ended 31 January 2011 compared to financial year ended 31 January 2010

Revenue

Revenue increased by RM412.3 million, or 13.9%, from RM2,966.0 million for the financial year ended 31 January 2010 to RM3,378.3 million for the financial year ended 31 January 2011. This increase was primarily attributable to an increase in revenue from the TV segment, which accounted for 99.8% of total revenue for the financial year ended 31 January 2011.

TV

Revenue for the TV segment increased by RM412.2 million, or 13.9%, from RM2,959.8 million for the financial year ended 31 January 2010 to RM3,372.0 million for the financial year ended 31 January 2011. This increase was primarily attributable to increases in subscription revenue, airtime sales and sales of programme rights.

Subscription revenue increased by RM283.4 million, or 10.2%, from RM2,788.7 million for the financial year ended 31 January 2010 to RM3,072.1 million for the financial year ended 31 January 2011. This increase was primarily attributable to the introduction of HD services and price revision to our sports package, resulting in an increase in Residential ARPU from RM82 for the financial year 31 January 2010 to RM85 for the financial year 31 January 2011.

Revenue from airtime sales increased by RM73.4 million, or 51.3%, from RM143.0 million for the financial year ended 31 January 2010 to RM216.4 million for the financial year ended 31 January 2011. This increase was primarily attributable to an increase in advertising rates as a result of, among others, an increase in demand for airtime from advertisers particularly during the 2010 FIFA World Cup for the financial year ended 31 January 2011.

Other TV revenue increased by RM55.4 million, or 197.2%, from RM28.1 million for the financial year ended 31 January 2010 to RM83.5 million for the financial year ended 31 January 2011. This increase was primarily attributable to the increase in sales of programme rights to other TV broadcasters.

<u>Others</u>
Total revenue from other operating segments decreased marginally by RM0.1 million, or 1.6%, from RM6.3 million for the financial year ended 31 January 2010 to RM6.2 million for the financial year ended 31 January 2011. This decrease was primarily attributable to lower rental income from related companies.

Cost of sales

Cost of sales increased by RM106.3 million, or 5.9%, from RM1,802.1 million for the financial year ended 31 January 2010 to RM1,908.4 million for the financial year ended 31 January 2011. This increase was primarily attributable to an increase in content costs, depreciation and amortisation and staff related costs, partially offset by a decrease in set-top box and smartcard costs.

Content costs increased by RM157.1 million, or 15.4%, from RM1,023.1 million for the financial year ended 31 January 2010 to RM1,180.2 million for the financial year ended 31 January 2011. This increase was primarily attributable to higher content costs in relation to the 2010 FIFA World Cup and an increase in HD, SD and Astro-created and branded channels.

Staff related costs increased by RM25.3 million, or 22.9%, from RM110.4 million for the financial year ended 31 January 2010 to RM135.7 million for the financial year ended 31 January 2011. This increase was primarily attributable to an increase in headcount and overall compensation levels.

Depreciation and amortisation increased by RM106.8 million, or 87.1%, from RM122.6 million for the financial year ended 31 January 2010 to RM229.4 million for the financial year ended 31 January 2011. The increase was primarily attributable to depreciation arising from a higher deployment of Astro B.yond set-top boxes as a result of an increase in HD take-up by new and existing subscribers as well as conversion.

The increase in the costs above were partially offset by a decrease of RM227.5 million, or 60.0%, in set-top box and smartcard costs from RM379.4 million for the financial year ended 31 January 2010 to RM151.9 million for the financial year ended 31 January 2011, primarily due to a reduction in the deployment of SD set-top boxes as we migrated our subscribers to Astro B.yond set-top boxes.

Gross profit

As a result of the foregoing, our gross profit increased by RM305.9 million, or 26.3%, from RM1,164.0 million for the financial year ended 31 January 2010 to RM1,469.9 million for the financial year ended 31 January 2011.

Other operating income

Other operating income increased by RM5.0 million, or 22.4%, from RM22.3 million for the financial year ended 31 January 2010 to RM27.3 million for the financial year ended 31 January 2011. This increase was primarily attributable to a gain on disposal of property, plant and equipment and an increase in subtitling revenue.

Marketing and distribution costs

Marketing and distribution costs increased by RM32.7 million, or 13.6%, from RM240.6 million for the financial year ended 31 January 2010 to RM273.3 million for the financial year ended 31 January 2011. This increase was primarily attributable to higher warehousing costs, advertising costs and expenses related to customer retention activities.

Administrative expenses

Administrative expenses decreased by RM25.6 million or 9.6%, from RM266.3 million for the financial year ended 31 January 2010 to RM240.7 million for the financial year ended 31 January 2011. This decrease was primarily attributable to a reduction in corporate management costs and adjustments to fair value of share options issued by AAAN previously.

Finance income

Finance income increased by RM50.9 million, or 80.4%, from RM63.3 million for the financial year ended 31 January 2010 to RM114.2 million for the financial year ended 31 January 2011. This increase was primarily attributable to an increase in unrealised foreign exchange gain and interest income.

Finance costs

Finance costs increased by RM23.0 million, or 34.5%, from RM66.6 million for the financial year ended 31 January 2010 to RM89.6 million for the financial year ended 31 January 2011. This increase was primarily attributable to an increase in finance lease interest expenses and realised foreign exchange losses, partially offset by a decrease in vendor financing interest expenses.

PBT

As a result of the foregoing, PBT increased by RM331.7 million, or 49.1%, from RM676.1 million for the financial year ended 31 January 2010 to RM1,007.8 million for the financial year ended 31 January 2011.

Tax expense

Tax expense increased by RM85.1 million, or 48.8%, from RM174.5 million for the financial year ended 31 January 2010 to RM259.6 million for the financial year ended 31 January 2011. This increase was primarily attributable to higher PBT recognised.

Profit for the financial year

As a result of the foregoing, profit for the financial year increased by RM246.6 million, or 49.2%, from RM501.5 million for the financial year ended 31 January 2010 to RM748.1 million for the financial year ended 31 January 2011.

12.4.9 Liquidity and capital resources

(i) Working capital

Our principal sources of liquidity are cash generated from our operations, borrowings and vendor financing. As at 31 July 2012, we had a net current asset of RM79.6 million.

After taking into consideration the existing level of cash and cash equivalents, the available lines of credit (including vendor financing), the expected cash flow from operations and the proceeds from the Public Issue allocated for working capital purposes, our Board is of the opinion that we will have adequate working capital for a period of 12 months from the date of this Prospectus.

As at 31 July 2012, we had unused sources of liquidity of RM2,284.7 million, comprising cash and cash equivalents of RM1,026.8 million and available lines of credit of RM1,257.9 million.

(ii) Cash flows

The following table sets forth our historical audited consolidated cash flow statements for the financial years ended 31 January 2010, 2011 and 2012 and our unaudited condensed consolidated statement of cash flows for the six month financial period ended 31 July 2012:

	Financial year ended 31 January			Six month financial period ended 31 July
	2010	2011	2012	2012
	RM 000			
	(Audited)	(Audited)	(Audited)	(Unaudited)
Net cash generated from operating activities	521,152	1,287,074	1,125,007	684,497
Net cash used in investing activities	(410,728)	(467,436)	(2,291,465)	(340,475)
Net cash (used in)/generated from financing activities	(697,181)	(481,764)	1,046,744	204,552
Net (decrease)/increase in cash and cash equivalents	(586,757)	337,874	(119,714)	548,574
Effects of foreign exchange rate changes	3,500	(95)	(420)	55
Cash and cash equivalents at the beginning of the financial year/period	843,814	260,557	598,336	478,202
Cash and cash equivalents at the end of the financial year/period	260,557	598,336	478,202	1,026,831

Most of our cash and cash equivalents are held in RM. As at the LPD, there is no legal, financial or economic restriction on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances to meet the cash obligations of our Company.

Cash flows for the six month financial period ended 31 July 2012

Net cash generated from operating activities for the six month financial period ended 31 July 2012 was RM684.5 million, comprising operating profit before working capital changes after accounting for, among others, the purchase of programme rights, an increase in payables, an increase in debtors, tax paid and interest received.

Net cash used in investing activities for the six month financial period ended 31 July 2012 amounted to RM340.5 million and is mainly for the purchase of property, plant and equipment and software amounting to RM369.0 million, partially offset by interest received amounting to RM18.3 million and the proceeds from the sale of financial assets amounting to RM10.0 million.

Net cash generated from financing activities for the six month financial period ended 31 July 2012 amounted to RM204.6 million, and is mainly from proceeds from borrowings, offset by an upfront fee, dividends, interest repayment and repayment of finance lease liabilities.

Cash flows for the financial year ended 31 January 2012

Net cash generated from operating activities for the financial year ended 31 January 2012 was RM1,125.0 million, comprising operating profit before working capital changes of RM1,712.6 million and after accounting for, among others, purchase of programme rights of RM321.5 million, payments to creditors of RM218.7 million, receipts from debtors of RM111.8 million, tax paid of RM163.7 million and interest received of RM6.5 million.

Net cash used in investing activities for financial year ended 31 January 2012 was RM2,291.5 million, comprising mainly capital expenditure of RM530.9 million relating primarily to the expansion, maintenance and improvement of our businesses, the acquisition of subsidiaries and businesses of RM314.2 million and advances to ANM of RM1,500.0 million. The advances to ANM have been settled as at the date of this Prospectus. For further information, please refer to Section 11.1.3 of this Prospectus. Interest of RM50.5 million was also received during the financial year.

Net cash generated from financing activities for the financial year ended 31 January 2012 was RM1,046.7 million, primarily due to the drawdown of new borrowings of RM3,004.6 million which were used for working capital purposes and to finance the completion of the Reorganisation. This was partially offset by dividends paid of RM1,045.8 million, redemption of RPS from AAAN of RM750.0 million, payment of interest of RM124.3 million and repayment of finance lease liabilities of RM37.8 million.

Cash flows for the financial year ended 31 January 2011

Net cash generated from operating activities for the financial year ended 31 January 2011 was RM1,287.1 million, comprising operating profit before working capital changes of RM1,465.3 million, purchase of programme rights of RM212.4 million, increase in receivables of RM43.5 million, increase in payables of RM242.4 million, and interest received amounting to RM13.4 million, partially offset by tax paid amounting to RM184.0 million.

Net cash used in investing activities for the financial year ended 31 January 2011 was RM467.4 million mainly due to purchase of property, plant and equipment and software amounting to RM481.7 million, partially offset by proceeds from disposal of financial assets amounting to RM10.0 million.

Net cash used in financing activities for the financial year ended 31 January 2011 was RM481.8 million mainly due to dividends paid amounting to RM405.9 million, interest paid of RM55.2 million and repayment of finance lease liabilities of RM20.7 million.

Cash flows for the financial year ended 31 January 2010

Net cash generated from operating activities for the financial year ended 31 January 2010 was RM521.2 million, comprising operating profit before working capital changes of RM991.7 million, purchase of programme rights of RM95.9 million, payment to creditors of RM74.2 million, increase in receivables of RM270.0 million and interest received amounting to RM9.7 million, partially offset by tax paid amounting to RM52.8 million.

Net cash used in investing activities for the financial year ended 31 January 2010 was RM410.7 million mainly due to purchase of property, plant and equipment and software amounting to RM218.0 million and advances to holding company amounting to RM175.0 million.

Net cash used in financing activities for the financial year ended 31 January 2010 was RM697.2 million mainly due to redemption of RPS amounting to RM476.6 million, dividends paid amounting to RM145.5 million, interest paid of RM60.0 million and repayment of finance lease liabilities of RM15.2 million.

(iii) Borrowings

Our total outstanding borrowings as at 31 July 2012, all of which are interest-bearing and unsecured, are set forth below:

		Currency		Total[(1)]
	Interest rate terms	**USD 000**	**RM 000**	**RM 000**
Short term borrowings				
- Finance lease liabilities	Fixed rate ranging from 4.5%-12.5%	10,386	3,655	36,386
Long term borrowings				
- Finance lease liabilities	Fixed rate ranging from 4.5%-12.5%	219,577	5,431	697,428
- Term loans comprising:				
RM term loan	Variable floating rate based on cost of funds	-	2,510,000	2,510,000
USD term loan	Variable floating rate based on London Interbank Offered Rate	330,000	-	1,039,995
Debt issuance cost		-	(47,982)	(47,982)
Total		559,963	2,471,104	4,235,827

Note:

(1) Converted at the average of the selling (TT) and buying (TT) exchange rate amounting to approximately USD1.00/RM3.1515, as issued by Malayan Banking Berhad and published in The Star website on 31 July 2012 and as recorded in our financial statements.

As at 31 July 2012, we had the following material borrowings:

- RM723.0 million finance lease liabilities payable to MSS, a related party, comprising RM495.3 million and RM227.8 million for the lease of Ku-band transponders on MEASAT-3 and MEASAT-3A, respectively. The effective interest rate of the finance lease as at 31 July 2012 was 6.2% and 12.5% per annum for MEASAT-3 and MEASAT-3A, respectively.

- Two RM term loans, comprising a term loan of RM2,010.0 million ("**2B Loan**") and a term loan of RM1,000.0 million ("**1B Loan**"), both which are due in May 2021 for working capital purposes and to finance the completion of the Reorganisation. In May and June 2011, RM2,010.0 million was drawndown from the 2B Loan and RM500.0 million was drawndown from the 1B Loan in May 2012. As at 31 July 2012, there was an outstanding amount of RM2,533.1 million, comprising outstanding principal amount of RM2,510.0 million and outstanding interest amount of RM23.1 million, under the RM term loans.

- One USD term loan of USD330.0 million due in June 2021 ("**USD Loan**") for working capital purposes and to finance the completion of the Reorganisation. In June 2011, USD330.0 million was drawndown from the USD Loan. As at 31 July 2012, there was an outstanding amount of USD330.9 million, comprising outstanding principal amount of USD330.0 million and outstanding interest amount of USD0.9 million, under the USD Loan.

Under the terms of both the RM term loans and USD term loan, we are required to ensure that (a) ratio of total net debt to adjusted EBITDA (as defined in the facilities agreements) shall not (i) during a period of 24 months commencing from the first utilisation date exceed 4.50 times, (ii) at any time thereafter, exceed four times, and (b) at all times, the ratio of adjusted EBITDA to net interest shall be at least 2.0 times.

The amounts drawndown under the 2B Loan and the USD Loan had been fully hedged as at 31 July 2012. The 2B Loan and USD Loan had been swapped into RM fixed rates as at 31 July 2012, and the resulting all-in rate stood at 5.31% and 4.19% per annum respectively. The RM500.0 million amount drawndown under the 1B Loan is unhedged as at 31 July 2012. The applicable interest margins under both the RM and USD term loan facilities vary from 1.0% to 1.75% based on a net debt to adjusted EBITDA ratio (as defined in the facilities agreements) of less than 2.0 times to greater than 4.0 times. Please refer to Note 25 of Section III(b) of the Accountants' Report set out in Section 13 of this Prospectus for further details.

We have not defaulted on payments of interest or principal sums on any of our borrowings throughout the financial year ended 31 January 2012 and the six month financial period ended 31 July 2012.

As at the LPD, we were not in breach of any terms and conditions or covenants associated with our credit arrangements or borrowings which can materially and adversely affect our financial position and results or business operations, or the investment by holders of securities in our Company.

The maturity profile of our borrowings as at 31 July 2012 was as follows:

	Within 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
			RM 000		
Finance lease liabilities	36,386	111,776	131,189	454,463	733,814
Term loans					
- RM term loan	-	376,500	627,500	1,506,000	2,510,000
- USD term loan[(1)]	-	155,999	259,999	623,997	1,039,995
Total	36,386	644,275	1,018,688	2,584,460	4,283,809

Note:

(1) *Converted at the average of the selling (TT) and buying (TT) exchange rate amounting to approximately USD1.00/RM3.1515, as issued by Malayan Banking Berhad and published in The Star website on 31 July 2012 and as recorded in our financial statements.*

12.4.10 Capital expenditure

For the financial years ended 31 January 2010, 2011 and 2012 and for the six month financial periods ended 31 July 2011 and 2012, we invested RM591.6 million, RM481.7 million, RM545.0 million, RM409.7 million and RM366.8 million, respectively, in capital expenditure, primarily for our TV business. Our capital expenditure was funded primarily through cash flow from our operations, vendor financing and finance leases.

The following table sets out the composition of our total capital expenditure for the periods indicated:

	Financial year ended 31 January			Six month financial period ended 31 July	
	2010	**2011**	**2012**	**2011**	**2012**
			RM 000		
Satellite transponders	370,074	-	-	-	-
Broadcast and transmission equipment	74,412	326,530	395,858	321,612	264,868
Equipment, fixtures and fittings	26,442	22,177	45,210	16,311	8,744
Computer software	18,759	95,813	23,585	13,863	22,871
Software development	36,130	13,766	32,839	13,920	35,031
Buildings	-	-	684	-	15
Assets under construction[(1)]	65,741	23,421	46,814	43,969	35,253
Total	**591,558**	**481,707**	**544,990**	**409,675**	**366,782**

Note:

(1) *Assets under construction comprise broadcasting facilities, production facilities, and renovation works which are still under construction and not ready for use.*

The capital expenditure during the financial year ended 31 January 2010 was primarily for investment in additional transponders on MEASAT-3A. In addition, investment was also made on broadcast and transmission equipment, with the commencement of capitalisation of the cost of Astro B.yond set-top boxes in that financial year. The cost of Astro B.yond set-top boxes was capitalised following a change in our business model when our HD services were introduced. We also commenced the process of upgrading our customer relationship management system during the financial year ended 31 January 2010.

The capital expenditure during the financial year ended 31 January 2011 was primarily for broadcast and transmission equipment as well as computer software and software development. The significant increase in broadcast and transmission equipment was due to investment in and expansion of our HD services. Due to the focus in expanding HD services to subscribers, the cost capitalised for the Astro B.yond set-top boxes increased significantly during the financial year. In addition, significant capital expenditure was incurred during the financial year on computer software for our customer relationship management project.

The capital expenditure during the financial year ended 31 January 2012 was primarily for the launch of new product offerings such as IPTV and VOD and the expansion of our SD and HD channel offerings as well as continued investment in our Astro B.yond set-top boxes. As at 31 January 2012, 1.2 million subscribers had been converted to Astro B.yond set-top boxes. Capital expenditure on the customer relationship management system continued to be incurred during the financial year ended 31 January 2012.

The capital expenditure during the six month financial period ended 31 July 2012 was primarily for the launch of new product offerings such as IPTV and VOD and the expansion of our SD and HD channel offerings as well as continued investment in our Astro B.yond set-top boxes. As at 31 July 2012, 1.6 million subscribers had been converted to Astro B.yond set-top boxes.

Save for set-top box additions of approximately RM58.0 million, there were no material capital expenditures from 1 August 2012 up to the LPD.

12.4.11 Material divestitures

Save for the disposal of Adrep China which has been completed as at the LPD, there have not been any material divestitures undertaken by us for the financial years ended 31 January 2010, 2011, 2012 and up to the LPD. Please refer to Section 6.1 of this Prospectus for further information on the disposal.

As at the LPD, we do not have any uncompleted material divestitures.

12.4.12 Material commitments and contractual obligations

Material commitments approved and not provided for in the unaudited condensed consolidated financial statements as at 31 July 2012 are as follows:

	Within 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
			RM 000		
Property, plant and equipment:					
Approved and contracted for	79,879	85,050	332,279	1,399,860	1,897,068
Computer software:					
Approved and contracted for	39,448	-	-	-	39,448
Programme rights:					
Approved and contracted for	153,617	219,015	249,066	160,096	781,794
Total	**272,944**	**304,065**	**581,345**	**1,559,956**	**2,718,310**

As at 31 July 2012, our material commitments that were approved but not contracted for property, plant and equipment, computer software and film library and programme rights were RM496.3 million, RM78.6 million and RM412.0 million, respectively.

Our future capital expenditure with respect to property, plant and equipment is expected to relate largely to investments in new corporate and technical buildings to cater for the expansion of our business, investment in additional transponders on MEASAT-3B, investment in improvements and expansion of our production facilities, expansion into new business segments, new product development, maintenance capital expenditure, as well as the purchase of Astro B.yond set-top boxes. On 11 May 2012, MBNS entered into an agreement with Measat International (South Asia) Ltd., a subsidiary of MGB, for the supply of the aggregate space segment capacity on 18 transponders on MEASAT-3B for a total contract price of USD538.0 million. For further details on this agreement, please refer to Section 7.19(ii) of this Prospectus.

Our commitment to film library and programme rights relates to programmes scheduled to be aired on the various channels.

Our commitment to computer software relates primarily to our customer relationship management system.

We expect to fund our commitments primarily through the proceeds raised from the Public Issue, cash flows from operations, borrowings and vendor financing.

12.4.13 Contingent liabilities

As at 31 July 2012, we had contingent liabilities as set out below:

	RM 000
Indemnity given to financial institutions in respect of bank guarantees issued (unsecured):	
- Programme rights vendors[1]	218,220
- Others[2]	8,142
Other indemnities:	
- Guarantee to programme rights vendor provided by our Company[1]	105,050
- Indemnity to Maxis pursuant to shareholders' obligations in respect of Advanced Wireless Technologies[3]	12,500
Total	343,912

Notes:

(1) Included in material commitments as set out in Section 12.4.12 of this Prospectus.

(2) Consists of bank guarantees issued mainly to Royal Malaysian Customs of RM5.2 million and others, for example FINAS, totalling RM0.5 million.

(3) The indemnity amount has, with effect from 4 October 2011, been reduced to RM6.25 million through a letter dated 29 August 2012.

12.4.14 Off-balance sheet arrangements

We do not have any off-balance sheet arrangements which are reasonably likely to have a current and future material effect on the results of operations or our financial condition.

12.4.15 Financial ratios

The following table sets forth certain financial ratios of our Group for the periods indicated:

	Financial year ended 31 January			Six month financial period ended 31 July	
	2010	**2011**	**2012**	**2011**	**2012**
Trade receivables turnover days[1]	32	35	37	34	35
Payables turnover days[2]	148	145	183	152	188

Notes:

(1) Based on trade receivables after allowances for doubtful debts as at the financial year/period ended over total revenue for the financial/year period.

(2) Based on payables over total costs. Payables reflect outstanding amount payable to vendors for the purchase of goods and services including fixed assets and programme rights, but excludes amounts owed to related parties. Total costs are operating cost and capital expenditure for the financial year/period less depreciation and amortisation.

Trade receivables turnover days

Trade receivables turnover days are relatively stable, ranging between 32 to 37 days, due to the credit monitoring activities that we had implemented.

Payables turnover days

Payables turnover days increased from 148 days for the financial year ended 31 January 2010 to 183 days for the financial year ended 31 January 2012, and further increased to 188 days for the six month financial period ended 31 July 2012, primarily due to higher vendor financing obtained for the purchase of set-top boxes. Payables related to vendor financing increased from RM347.9 million in the financial year ended 31 January 2010 to RM464.1 million in the financial year ended 31 January 2012, and further increased to RM594.4 in the six month financial period ended 31 July 2012.

Current ratio

Our current ratio (current assets over current liabilities) decreased to 0.79 times as at 31 January 2012 from 1.50 times as at 31 January 2011 due to the increase in payables primarily as a result of the higher vendor financing obtained for the purchase of set-top boxes over the year and other payables contributed by other entities acquired as part of the Reorganisation.

Our current ratio remained unchanged at 1.50 times as at 31 January 2011 and 2010.

Gearing ratio

Our gearing ratio (borrowing over total equity) increased from 0.66 times as at 31 January 2011 to 7.55 times as at 31 January 2012 due to the drawdown of RM3,004.6 million term loans during the financial year ended 31 January 2012.

Our gearing ratio decreased to 0.66 times as at 31 January 2011 from 1.15 times as at 31 January 2010 due to a reduction in the finance lease liabilities.

Aging analysis

The aging analysis for trade receivables and trade payables as at 31 July 2012 is as follows:

		Past due[2]				
	Current[1]	Not later than 30 days	Between 31 and 60 days	Between 61 and 90 days	Over 90 days	Total
	RM 000					
Trade receivables (gross)	248,753	79,508	28,735	11,638	206,219	574,853
Impairment of trade receivables						(187,110)
Trade receivables (net)	248,753	79,508	28,735	11,638	206,219	387,743
Trade payables	883,985	104,948	18,544	3,910	20,992	1,032,379

Notes:

(1) Represents trade receivables and trade payables that are within their respective credit period granted.

(2) Categorised by number of days past due from raspective credit period of the trade receivables and trade payables.

The credit period we extend to our customers ranges between 0 and 60 days. As at 31 July 2012, 43.3% of our trade receivables were within the credit period. We have made adequate impairment on trade receivables of RM187.1 million and efforts are being made to recover these balances.

The credit period that our suppliers extend to us ranges between 0 and 90 days, while the extended payment term under the vendor financing arrangements for suppliers of set-top boxes is either 24 months or 36 months pursuant to the terms of the letters of credit or promissory notes, as applicable. As at 31 July 2012, 85.6% of our trade payables were within such credit period. The remaining trade payables mainly relate to delays in payment to suppliers due to the longer time required for verification and approval of invoices.

12.4.16 Quantitative and qualitative disclosures about market risk

Financial instruments

Our activities are exposed to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk and liquidity and cash flow risk. Our overall financial risk management objective is to minimise potential adverse effects on our financial performance.

We use derivative financial instruments such as forward foreign currency exchange contracts and a mixture of fixed and floating interest rate instruments to hedge certain exposures.

The significant financial risks which we are exposed to arising from our business activities are as follows:

(i) Foreign currency exchange risk

We are exposed to foreign currency exchange risk as a result of the foreign currency transactions entered into by us in currencies other than our functional currency. 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.

(ii) Interest rate risk

Our interest rate exposure arises principally from our trade payables and borrowings. Interest rate risk is managed through the use of fixed and floating interest rate instruments.

As at 31 July 2012, the interest rate profile of our interest-bearing financial instruments is as set out below:

	RM 000
Fixed rate instruments	
Financial assets	
- Deposits with licensed banks	917,224
Financial liabilities	
- Interest rate swap	69,295
- Cross currency interest rate swap	37,860
- Finance lease liabilities	733,814
Total	1,758,193
Variable rate instruments	
Finance liabilities:	
- Vendor financing	594,433
- Term loans(1)	3,502,014
Total	4,096,447

Note:

(1) As at 31 July 2012, most of our term loans with variable interest rates had been swapped into fixed instruments. For further information, please refer to Section 12.4.9(iii) of this Prospectus.

(iii) Credit risk

We have no significant concentrations 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 with strong short-term credit ratings and investments in unit trusts are made only in cash/money market.

(iv) Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of our businesses, our treasury aims at maintaining flexibility in funding by keeping committed credit facilities available and if necessary, obtaining additional debt and equity funding.

The table below summarises the maturity profile of our financial liabilities (borrowings and payables, including interest charges but excluding unearned revenue) as at 31 July 2012 based on contractual undiscounted payments:

	Within 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
			RM 000		
Payables	1,605,887	578,624	132	-	2,084,643
Borrowings	246,014	1,105,001	1,420,499	2,990,157	5,761,671
Derivative financial instruments					
– financial liabilities	2,584	15,759	26,266	63,038	107,647
Total	1,754,485	1,699,384	1,446,897	3,053,195	7,953,961

12.4.17 Inflation

We do not believe that inflation has had a material impact on our business, financial condition or results of operations.

12.4.18 Seasonality

We do not believe that seasonality has had a material impact on our business, financial condition or results of operations.

(The rest of this page has been intentionally left blank)

12.5 Capitalisation and indebtedness

The following information should be read in conjunction with the Reporting Accountants' report on the pro forma consolidated financial information as set out in Section 12.6 of this Prospectus.

The following table sets forth our consolidated and pro forma capitalisation and indebtedness information as at 30 April 2012 based on our pro forma consolidated balance sheets as at 30 April 2012 as set out in Section 12.6 of this Prospectus (abbreviated terms used herein are as defined in Section 12.6). The pro forma financial information below does not represent our Group's actual capitalisation and indebtedness as at 30 April 2012 and is provided for illustrative purposes only. The total indebtedness of our Group is not guaranteed by any third party.

	(Audited)	(Pro forma)
	As at 30 April 2012	After the Deemed Completed Transaction and the Proposal
	RM 000	
Cash and cash equivalents[1]	479,106	1,092,006
Indebtedness		
Short term debt		
Unsecured		
- Finance lease	33,551	33,551
	33,551	33,551
Long term debt		
Unsecured		
- Finance lease	686,120	686,120
- Term loans	2,973,866	2,973,866
	3,659,986	3,659,986
Total debt	3,693,537	3,693,537
Other indebtedness		
Payables under vendor finance arrangements	535,955	535,955
Contingent liabilities	333,637	333,637
Total indebtedness[2]	4,563,129	4,563,129
Total shareholders' equity	(1,143,655)	235,957
Non-controlling interest	9,637	9,637
Total equity/capitalisation	(1,134,018)[3]	245,594
Total capitalisation and indebtedness	3,429,111	4,808,723
Gearing ratio (times)[4]	Not applicable[5]	15.0[3]

Notes:

(1) Cash and cash equivalents comprise deposits, cash and bank balances.

(2) Total indebtedness comprises short-term debt, long-term debt, other indebtedness and contingent liabilities.

(3) As at 30 April 2012, our Group's total equity is in a deficit position of RM1,134.0 million. The deficit position is primarily due to the Reorganisation, whereby for accounting consolidation purposes, our acquisition of MBNS (our largest operating subsidiary) was accounted for as a capital reorganisation of MBNS and the difference between the consideration for MBNS and the NA of MBNS at the date of acquisition has been taken to capital reorganisation reserve. Notwithstanding the above, after taking into account the Public Issue, our Group's total equity as it appears in the pro forma consolidated balance sheets as at 30 April 2012 would no longer be in deficit, but would increase to RM245.6million. As a consequence of our relatively lower total equity as compared to our total debt, our gearing ratio is approximately 15.0 times. Against our EBITDA for the financial year ended 31 January 2012 of RM1,414.7 million, our net debt as at 30 April 2012 of RM3,214.4 million results in our net debt to EBITDA ratio of approximately 2.27 times.

(4) Computed based on total debt over total equity of our Group.

(5) Not applicable as the total equity is in a deficit position.

(The rest of this page has been intentionally left blank)

12.6 Reporting Accountants' report on the pro forma consolidated financial information

pwc

The Board of Directors
Astro Malaysia Holdings Berhad
3rd Floor, Administration Building
All Asia Broadcast Centre
Technology Park Malaysia
Lebuhraya Puchong-Sungai Besi
Bukit Jalil, 57000, Kuala Lumpur

19 September 2012

PwC/SN/NP/HLY/py/0043C

Dear Sirs,

Astro Malaysia Holdings Berhad ("Astro Malaysia")
Report on Pro Forma Consolidated Financial Information

1 We report on the Pro Forma Consolidated Balance Sheets as at 30 April 2012, Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 January 2012 and Pro Forma Consolidated Income Statements for the financial years ended 31 January 2010, 31 January 2011 and 31 January 2012, and for the financial period ended 30 April 2011, together with the Notes thereon (collectively known as "Pro Forma Consolidated Financial Information") of Astro Malaysia as set out in Appendix A (which we have stamped for the purpose of identification), which have been prepared solely for the purpose of inclusion in the Prospectus in connection with the listing of Astro Malaysia on the Main Market of Bursa Malaysia Securities Berhad.

2 The Pro Forma Consolidated Financial Information has been prepared for illustrative purposes only, to show the effects of the deemed Completed Transaction and the Proposal as set out in Notes 1.1 and 1.2 respectively in Appendix A on the financial information presented, had the Completed Transaction or Proposal been effected at the commencement of the period reported on or at the date stated.

Responsibilities

3 It is the sole responsibility of the Board of Directors of Astro Malaysia to prepare the Pro Forma Consolidated Financial Information on the basis set out in the notes thereon in accordance with the requirements of Chapter 12 of the Prospectus Guidelines – Equity and Debt ("Prospectus Guidelines") issued by the Securities Commission.

4 It is our responsibility to form an opinion as required by the Prospectus Guidelines on the Pro Forma Consolidated Financial Information.

5 In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the preparation of the Pro Forma Consolidated Financial Information nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

pwc

The Board of Directors
Astro Malaysia Holdings Berhad
PwC/SN/NP/HLY/py/0043C
19 September 2012

Basis of opinion

6 We conducted our work in accordance with the approved standard for assurance engagements in Malaysia, ISAE 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". Our work, which involved no independent examination of any of the underlying financial information, consisted of comparing unadjusted information with the audited consolidated financial statements of Astro Malaysia and/or its subsidiary for the financial years ended 31 January 2010, 31 January 2011 and 31 January 2012, and for the financial period ended 30 April 2012, and the unaudited consolidated financial information of Astro Malaysia for the financial period ended 30 April 2011, considering the evidence supporting the adjustments and discussing the Pro Forma Consolidated Financial Information with the Directors of Astro Malaysia.

7 We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that:

(a) the Pro Forma Consolidated Income Statements for the financial years ended 31 January 2010, 31 January 2011, 31 January 2012, and for the financial period ended 30 April 2011, and the Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 January 2012 have been properly prepared on the basis stated, using financial statements prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of Astro Malaysia; and

(b) the Pro Forma Consolidated Balance Sheets as at 30 April 2012 have been properly prepared on the basis stated, using financial statements prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), and in a manner consistent with both the format of the financial statements and the accounting policies of Astro Malaysia.

8 As the Pro Forma Consolidated Financial Information is prepared for illustrative purposes only, such information, because of its nature, does not give a true picture of the effects of the deemed Completed Transaction and the Proposal on the financial information presented had the transaction or event occurred at the commencement of the period reported on or at the date stated. Further, such information does not purport to predict Astro Malaysia's future results, financial position and cash flows.

pwc

The Board of Directors
Astro Malaysia Holdings Berhad
PwC/SN/NP/HLY/py/0043C
19 September 2012

Our Opinion

9 In our opinion:

(a) the Pro Forma Consolidated Financial Information has been properly prepared on the basis set out in the notes, using financial statements prepared in accordance with FRS in Malaysia for the financial years ended 31 January 2010, 31 January 2011 and 31 January 2012 and in accordance with MFRS for the financial period ended 30 April 2012, and using unaudited consolidated financial information prepared in accordance with FRS in Malaysia for the financial period ended 30 April 2011, in a manner consistent with both the format of the financial statements and the accounting policies of Astro Malaysia, except for the adoption of an accounting policy for share-based payments as described in Notes 2.1 and 2.4 in Appendix A; and

(b) each material adjustment made to the information used in the preparation of the Pro Forma Consolidated Financial Information is appropriate for the purposes of preparing such financial information.

Other Matters

10 This report is issued solely for the purpose of inclusion in the Prospectus in connection with the Proposal and should not be used or relied upon for any other purpose. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any transaction other than the Proposal.

Yours faithfully,

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SRIDHARAN NAIR
(No. 2656/05/14 (J))
Chartered Accountant

Kuala Lumpur

3

APPENDIX A
Page 1

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

1 INTRODUCTION

The Pro Forma Consolidated Financial Information comprises the following:

Section 2.0 : Pro Forma Consolidated Balance Sheets as at 30 April 2012 which have been prepared based on the assumption that the deemed Completed Transaction as set out in Note 1.1 and the Proposal as set out in Note 1.2 were effected on 30 April 2012;

Section 3.0 : (a) Pro Forma Consolidated Income Statements for the financial years ended 31 January 2010, 31 January 2011 and 31 January 2012 and for the financial period ended 30 April 2011 which have been prepared based on the group structure as of 30 April 2012, and on the assumption that Astro Malaysia Holdings Berhad ("Astro Malaysia") Group had been in existence prior to 1 February 2009 and throughout the financial years/period under review; and

(b) Audited Consolidated Income Statement for the financial period ended 30 April 2012; and

Section 4.0 : Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 January 2012 which have been prepared based on the group structure as of 30 April 2012, and on the assumption that Astro Malaysia Group had been in existence prior to 1 February 2011.

During the financial year ended 31 January 2012, as part of a reorganisation of Astro Malaysia's ultimate holding company, Astro Holdings Sdn. Bhd. group of companies ("AHSB Group Reorganisation"), Astro Malaysia acquired the entire issued and paid up share capital of MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS") on 5 April 2011. In addition, Astro Malaysia acquired other businesses from subsidiaries of AHSB, in March 2011 and April 2011. These business combinations under common control have been accounted for using the acquisition method of accounting in accordance with the principle of FRS 3 "Business Combinations".

MBNS has been identified as the accounting acquirer for these business combinations. Accordingly, although the consolidated financial statements have been prepared in the name of Astro Malaysia being the legal parent, they are in substance a continuation of the consolidated financial statements of the legal subsidiary, MBNS and its subsidiary, MEASAT Digicast Sdn. Bhd. ("MDIG").

The ordinary share capital structure shown in Astro Malaysia's consolidated financial statements is the legal structure of Astro Malaysia. The acquisition of MBNS by Astro Malaysia is deemed a capital reorganisation and the difference between the total consideration and the net assets and accumulated losses of MBNS at the date of acquisition is recognised in the capital reorganisation reserve.

The net identifiable assets and liabilities and post acquisition results of the acquired businesses have been included in the consolidated financial statements of Astro Malaysia from the respective acquisition dates in March 2011 and April 2011.

The Pro Forma Consolidated Financial Information together with the notes thereon of Astro Malaysia, for which the Directors of Astro Malaysia are solely responsible, have been prepared for illustrative purposes only, for the purpose of inclusion in the Prospectus in connection with the listing of Astro Malaysia on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

1 INTRODUCTION (CONTINUED)

1.1 Deemed Completed Transaction - Drawdown of borrowings

For illustrative purposes, borrowings of RM500 million from existing facilities of Astro Malaysia which were drawn down on 18 May 2012 are assumed to have been effected on 30 April 2012. The impact in relation to the transaction cost amounting to approximately RM8 million is not illustrated as the amount is not material.

1.2 The Proposal

Astro Malaysia will undertake the following transactions in conjunction with and as an integral part of the listing and quotation of the entire enlarged issued and paid-up capital of Astro Malaysia on the Main Market of Bursa Securities ("Listing"), with the assumption that these transactions were completed on 30 April 2012. The Proposal is inter-conditional in terms of approval by Securities Commission ("SC"). and should be viewed as one exercise being undertaken to facilitate the listing proposal of Astro Malaysia.

(a) Share split

Astro Malaysia will undertake a subdivision of every one (1) ordinary share of RM1.00 each into ten (10) subdivided shares of RM0.10 each in the Company ("Shares").

(b) Redemption of Redeemable Preference Shares ("RPS") and issuance of new ordinary shares

Astro Malaysia will undertake to redeem in full its outstanding 5,200 RPS of RM0.10 each at RM1,000,000 per RPS by way of issuance of 4,722,017,620 new shares of RM0.10 each at RM1.101 per ordinary share to its immediate holding company, Astro Network Malaysia Sdn Bhd ("ANM").

(c) Initial Public Offering ("IPO")

(i) Public Issue

Public issue of 474,300,000 new ordinary shares of RM0.10 each ordinary share in Astro Malaysia ("Public Issue Shares"), representing approximately 9.1% of the enlarged issued and paid-up share capital of Astro Malaysia, at the initial issue price of RM3.00 per ordinary share for total gross proceeds of RM1.423 billion, payable in full upon application. For illustrative purposes,the Pro Forma Consolidated Balance Sheets have been prepared on the assumption that the price payable by the institutional investors to be determined by way of bookbuilding exercise and the final price payable by the retail investors ("Final Retail Price") is equal to the initial price payable by the retail investors of RM3.00 per ordinary share ("Retail Price").

(ii) Offer for Sale

Offer for Sale of up to 1,044,000,000 new ordinary shares of RM0.10 each ordinary share in Astro Malaysia ("Offer Shares"), representing approximately 20.1% of the enlarged issued and paid-up share capital of Astro Malaysia, at the initial issue price of RM3.00 per ordinary share.

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

1 INTRODUCTION (CONTINUED)

1.2 The Proposal (continued)

(d) Utilisation of proceeds from Publie Issue

The gross proceeds from the Public Issue of RM1.423 billion as stated in Note 1.2(c)(i) are expected to be utilised as follows:

	RM'000
Repayment of bank borrowings	500,000
Capital expenditure	750,000
Working capital	112,900
Estimated listing expenses (excluding expenses to be borne by ANM)	60,000
	1,422,900

The estimated IPO expenses totaling RM60 million to be borne by Astro Malaysia comprise brokerage, underwriting and placement fees, professional fees and miscellaneous expenses. The selling shareholders will bear their own professional fees and miscellaneous expenses in respect of the Offer for Sale. A total of RM40 million is assumed to be directly attributable to the Public Issue and as such will be debited against the share premium account whereas the remaining IPO expenses of RM20 million are assumed to be attributable to the Listing and as such, will be charged to profit or loss.

(e) Employee share scheme

Astro Malaysia proposes to establish a management share scheme ("MSS") under which up to 50,700,000 new ordinary shares in Astro Malaysia may be issued and allotted under a restricted share award ("SA") and/or a performance share award, subject to the relevant By-Laws, to eligible executives (including Executive Directors, Chief Executive Officer and officers) and eligible employees of Astro Malaysia Group (as defined in the By-Laws) ("Eligible Employees").

In conjunction with the IPO and Listing, the Board of Directors of Astro Malaysia proposes to grant such number of SA, equivalent to a total aggregate grant value of RM66,852,000 ("Total Grant Value") divided by the Final Retail Price, to Eligible Employees ("Initial Grant"). The vesting of the Astro Malaysia shares under the SA shall be subject to vesting conditions and the terms and conditions of the By-Laws.

For the purpose of illustration only, the following assumptions have been made:

(i) The SA grant under the Initial Grant will be in respect of 22,284,000 new ordinary shares (Total Grant Value divided by the Retail Price of RM3.00 per share), which are assumed to be made available and to be vested on 30 April 2012, upon which new ordinary shares are assumed to be issued and allotted on the samc date;

(ii) The fair value of the SA calculated on the grant datc is assumed to be the Retail Price of RM3.00 pcr share, amounting to RM66,852,000 in total, with corporate tax deduction available at 25%;

(iii) The total number of new ordinary shares under the SA grant which is assumed to be 22,284,000 ordinary shares, will vary depending on the Final Retail Price upon the Listing; and

(iv) The impact of the remaining share awards that will be made available under the MSS which is assumed to be 28,416,000 new ordinary shares, is not illustrated as it will only be granted subsequent to the IPO.

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

APPENDIX A
Page 4

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

2 PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 30 APRIL 2012

The Pro Forma Consolidated Balance Sheets as at 30 April 2012 have been prepared for illustrative purposes only to show the effects on the audited Consolidated Balance Sheets as at 30 April 2012 based on the assumption that the deemed Completed Transaction as set out in Note 1.1 and the Proposal as set out in Note 1.2 had been effected on 30 April 2012, and should be read in conjunction with the notes in this Section.

	Audited	Deemed Completed Transaction	Pro Forma I	Proposal	Pro Forma II
	Consolidated Balance Sheet as at 30 April 2012	Drawdown of borrowings	Consolidated Balance Sheet after drawdown of borrowings		Consolidated Balance Sheet after the Proposal
	RM'000	RM'000	RM'000	RM'000	RM'000
Non-Current Assets					
Property, plant and equipment	1,714,161	-	1,714,161	750,000	2,464,161
Investment in associates	41,251	-	41,251	-	41,251
Investment in joint ventures	6,342	-	6,342	-	6,342
Prepayments	147,733	-	147,733	-	147,733
Intangible assets	1,760,829	-	1,760,829	-	1,760,829
	3,670,316	-	3,670,316	750,000	4,420,316
Current Assets					
Inventories	17,235	-	17,235	-	17,235
Receivables and prepayments	763,453	-	763,453	-	763,453
Derivative financial instruments	409	-	409	-	409
Advances to ultimate holding company	106,441	-	106,441	-	106,441
Tax recoverable	1,491	-	1,491	-	1,491
Deposits, cash and bank balances	479,106	500,000	979,106	112,900	1,092,006
	1,368,135	500,000	1,868,135	112,900	1,981,035
Less: Current Liabilities					
Payables	1,688,566	-	1,688,566	-	1,688,566
Advances from ultimate holding company	67,028	-	67,028	-	67,028
Borrowings	33,551	-	33,551	-	33,551
Tax liabilities	88,848	-	88,848	(16,712)	72,136
	1,877,993	-	1,877,993	(16,712)	1,861,281
Net Current (Liabilities)/Assets	(509,858)	500,000	(9,858)	129,612	119,754
Less: Non-Current Liabilities					
Payables	402,237	-	402,237	-	402,237
Derivative financial instruments	84,288	-	84,288	-	84,288
Borrowings	3,659,986	500,000	4,159,986	(500,000)	3,659,986
Deferred tax liabilities	147,965	-	147,965	-	147,965
	4,294,476	500,000	4,794,476	(500,000)	4,294,476
NET (LIABILITIES)/ASSETS	(1,134,018)	-	(1,134,018)	1,379,612	245,594

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

2 PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 30 APRIL 2012 (CONTINUED)

The Pro Forma Consolidated Balance Sheets as at 30 April 2012 have been prepared for illustrative purposes only to show the effects on the audited Consolidated Balance Sheets as at 30 April 2012 based on the assumption that the deemed Completed Transaction as set out in Note 1.1 and the Proposal as set out in Note 1.2 had been effected on 30 April 2012, and should be read in conjunction with the notes in this Section. (continued)

	Audited	Deemed Completed Transaction	Pro Forma I	Proposal	Pro Forma II
	Consolidated Balance Sheet as at 30 April 2012	Drawdown of borrowings	Consolidated Balance Sheet after drawdown of borrowings		Consolidated Balance Sheet after the Proposal
	RM'000	RM'000	RM'000	RM'000	RM'000
Capital and reserves attributable to equity holder of the Company					
Share capital	98	-	98	521,860	521,958
Share premium	5,298,136	-	5,298,136	927,892	6,226,028
Redeemable preference shares	1	-	1	(1)	-
Exchange reserve	27	-	27	-	27
Capital redemption reserve	- *	-	-	1	1
Capital reorganisation reserve	(5,470,197)	-	(5,470,197)	-	(5,470,197)
Hedging reserve	(94,798)	-	(94,798)	-	(94,798)
Accumulated losses	(876,922)	-	(876,922)	(70,140)	(947,062)
Equity attributable to equity holders of the Company	(1,143,655)	-	(1,143,655)	1,379,612	235,957
Non-controlling interests	9,637	-	9,637	-	9,637
(DEFICIT IN EQUITY)/ TOTAL EQUITY	(1,134,018)	-	(1,134,018)	1,379,612	245,594
Number of ordinary shares of RM1.00 each	98,238		98,238		N/A
Number of ordinary shares of RM0.10 each	982,380^		982,380^		5,219,584,000
Net tangible liabilities attributable to equity holder of the Company (RM'000) +	(2,904,484)		(2,904,484)		(1,524,872)
Net tangible liabilities attributable to equity holder of the Company per ordinary share (RM) ++	(2,957)		(2,957)		(0.29)
Net (liabilities)/assets attributable to equity holder of the Company (RM'000) #	(1,143,655)		(1,143,655)		235,957
Net (liabilities)/assets attributable to equity holder of the Company per ordinary share (RM) ##	(1,164)		(1,164)		0.05

N/A - Denotes not applicable
* Negligible
^ Number of ordinary shares illustrated is assumed to be retrospectively adjusted after completion of the Subdivision of 98,238 shares of every one (1) ordinary share of RM1.00 each into ten (10) subdivided shares of RM0.10 each.

\+ Net tangible liabilities attributable to equity holder of the Company = Equity attributable to equity holder of the Company less intangible assets

++ Net tangible liabilities attributable to equity holder of the Company per ordinary share = Net tangible liabilities attributable to equity holder of the Company divided by the number of ordinary shares

\# Net (liabilities)/assets attributable to equity holder of the Company = Equity attributable to equity holder of the Company

\## Net (liabilities)/assets attributable to equity holder of the Company per ordinary share = Equity attributable to equity holder of the Company divided by the number of ordinary shares

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

2 PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 30 APRIL 2012 (CONTINUED)

2.1 Basis of preparation

The Pro Forma Consolidated Balance Sheets as at 30 April 2012 have been prepared based on the interim audited Consolidated Balance Sheets of Astro Malaysia Group as at 30 April 2012 in accordance with Malaysian Financial Reporting Standards ("MFRS") and in a manner consistent with the format of the financial statements and accounting policies of Astro Malaysia Group, except for the adoption of an accounting policy for share-based payments as set out in Note 2.4 below.

The Pro Forma Consolidated Balance Sheets as at 30 April 2012 have been prepared for illustrative purposes only to show the effects on the audited Consolidated Balance Sheets as at 30 April 2012 on the assumption that the deemed Completed Transaction as set out in Note 1.1 and the Proposal as set out in Note 1.2 had been effected on 30 April 2012, and should be read in conjunction with the notes in this Section.

The Pro Forma Consolidated Balance Sheets have been prepared for illustrative purposes only. Such information, because of its nature, does not give a true picture of the effects of the deemed Completed Transaction and the Proposal on the financial information presented had the transaction or event occurred on 30 April 2012. Further, such information does not purport to predict Astro Malaysia's financial position.

The auditors' report on the audited consolidated interim financial statements of Astro Malaysia as at 30 April 2012 used in the preparation of the Pro Forma Consolidated Balance Sheets were not subject to any modification.

2.2 Effects of the deemed Completed Transaction as set out in Note 1.1 above on the Pro Forma Consolidated Balance Sheets

Pro Forma I
Pro Forma I incorporates the effects of the deemed Completed Transaction as set out in Note 1.1 above.

2.3 Effects of the Proposal as set out in Note 1.2 above on the Pro Forma Consolidated Balance Sheets

Pro Forma II
Pro Forma II incorporates the effects of Pro Forma I and the Proposal as set out in Notes 1.2(a) to 1.2(e) above.

2.4 Accounting policy for share-based payments

Astro Malaysia operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the share awards is recognised as an expense with a corresponding increase to equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share awards granted, excluding the impact of any non-market vesting conditions. At the end of each financial reporting period, the Company revises its estimates of the number of share awards that are expected to vest and recognises the impact of the revision of original estimates, if any, in the income statement with a corresponding adjustment to equity.

APPENDIX A
Page 7

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3 PRO FORMA CONSOLIDATED INCOME STATEMENTS

The Pro Forma Consolidated Income Statements for the financial years ended 31 January 2010, 31 January 2011 and 31 January 2012 and for the financial period ended 30 April 2011 have been prepared based on the group structure as of 30 April 2012, and on the assumption that Astro Malaysia Group had been in existence prior to 1 February 2009 and throughout the financial years/period under review, and should be read in conjunction with the notes in this Section.

The audited Consolidated Income Statement for the financial period ended 30 April 2012 is shown for comparison purposes only.

	Financial years ended 31 January			Pro Forma Financial period ended 30 April 2011*	Audited Financial period ended 30 April 2012
	2010	2011	2012		
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,242,334	3,664,065	3,888,801	908,366	986,028
Cost of sales	(1,933,974)	(2,000,369)	(2,236,613)	(522,174)	(584,989)
Gross profit	1,308,360	1,663,696	1,652,188	386,192	401,039
Other operating income	22,930	27,426	27,235	8,099	6,989
Marketing and distribution costs	(282,665)	(315,986)	(322,959)	(57,541)	(90,154)
Administrative expenses	(244,519)	(308,209)	(366,084)	(76,970)	(100,135)
Finance income	69,098	119,445	68,684	27,494	22,911
Finance costs	(70,927)	(93,656)	(194,687)	(22,938)	(69,238)
Share of post tax results from investments accounted for using the equity method	(986)	(2,213)	(52)	(874)	489
Profit before tax	801,291	1,090,503	864,325	263,462	171,901
Tax expense	(187,365)	(263,024)	(234,709)	(67,173)	(48,536)
Profit for the financial year/period	613,926	827,479	629,616	196,289	123,365
Attributable to:					
Equity holder of the Company	614,143	823,489	624,120	195,592	122,282
Non-controlling interests	(217)	3,990	5,496	697	1,083
	613,926	827,479	629,616	196,289	123,365

* The Pro forma Consolidated Income Statement for the financial period ended 30 April 2011 has been prepared based on unaudited consolidated financial information of Astro Malaysia.

3.1 Basis of preparation

3.1.1 The Pro Forma Consolidated Income Statements have been prepared:

(a) in accordance with the Financial Reporting Standards ("FRS") in Malaysia for the financial years ended 31 January 2010, 31 January 2011, 31 January 2012 and for the financial period ended 30 April 2011; and

(b) in a manner consistent with the format of the financial statements and accounting policies of Astro Malaysia Group.

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3 PRO FORMA CONSOLIDATED INCOME STATEMENTS (CONTINUED)

3.1 Basis of preparation (continued)

3.1.2 For illustrative purposes, the Pro Forma Consolidated Income Statements have been prepared on the following assumptions:

(a) The Pro Forma Consolidated Income Statements have been prepared based on the group structure as of 30 April 2012.

(b) The Pro Forma Consolidated Income Statements have been prepared based on the audited financial statements for the financial years ended 31 January 2010, 31 January 2011 and 31 January 2012 of Astro Malaysia and its subsidiaries as detailed below, and the unaudited consolidated financial information of Astro Malaysia for the financial period ended 30 April 2011, adjusted for the equity accounting for results of Astro Malaysia's associates and jointly controlled entities (see Note 3.1.2(d)) and appropriate eliminations and/or consolidation adjustments.

MBNS Group

1) MBNS
2) MDIG

Astro Malaysia subsidiaries other than MBNS Group

1) Astro Group Services Sdn. Bhd.
2) Astro Brunei Sdn. Bhd.
3) Astro Entertainment Sdn. Bhd.
4) Astro Shaw Sdn. Bhd.
5) MBNS Multimedia Technology Sdn. Bhd.
6) Astro Productions Sdn. Bhd.
7) Astro Digital Sdn. Bhd.
8) MEASAT Radio Communications Sdn. Bhd.
9) Astro Radio Sdn. Bhd. (formerly known as Airtime Management and Programming Sdn. Bhd.)
10) Maestra Broadcast Sdn. Bhd.
11) Radio Lebuhraya Sdn. Bhd.
12) Perfect Excellence Waves Sdn. Bhd.
13) DVR Player.Com Sdn. Bhd.
14) Astro Awani Network Sdn. Bhd.
15) Maestro Talent And Management Sdn. Bhd.
16) Astro Arena Sdn. Bhd.
17) Tayangan Unggul Sdn. Bhd.
18) Nusantara Films Sdn. Bhd.
19) Karya Anggun Sdn. Bhd.
20) Astro Publications Sdn. Bhd. (formerly known as MEASAT Publications Sdn. Bhd.)
21) Astro Digital 5 Sdn. Bhd. (formerly known as Digital Five Sdn. Bhd.)

(c) The Pro Forma Consolidated Income Statements have been prepared based on the assumption that the businesses legally acquired by MBNS and Astro Malaysia from subsidiaries of AHSB as disclosed in Note 1 were completed prior to 1 February 2009, and any fair value adjustments arising then on net identifiable assets acquired were identical to those adjustments that arose when the actual business combination was completed in March and April 2011.

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

APPENDIX A
Page 9

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3 PRO FORMA CONSOLIDATED INCOME STATEMENTS (CONTINUED)

3.1 Basis of preparation (continued)

3.1.2 For illustrative purposes, the Pro Forma Consolidated Income Statements have been prepared based on the following assumptions: (continued)

(d) The entities that have been equity accounted for in the preparation of the Pro Forma Consolidated Income Statements for the financial years ended 31 January 2010, 31 January 2011 and 31 January 2012 and for the financial period ended 30 April 2011 are as follows:

Associates
1) Kristal-Astro Sdn. Bhd.
2) Advanced Wireless Technologies Sdn. Bhd.
3) UMTS (Malaysia) Sdn. Bhd.

Jointly controlled entities
1) Astro Awani Network Ltd
2) Endemol Malaysia Entertainment Group Sdn. Bhd. (formerly known as Endermol South East Asia Sdn. Bhd.)
3) Nusantara Edaran Filem Sdn. Bhd.

(e) The Pro Forma Consolidated Income Statements have been prepared for illustrative purposes only. Such information, because of its nature, does not give a true picture of the actual results of Astro Malaysia. Further, such information does not purport to predict Astro Malaysia's future financial results.

(f) The auditors' reports on the financial statements used in the preparation of the Pro Forma Consolidated Income Statements for the financial years ended 31 January 2010, 31 January 2011 and 31 January 2012 of Astro Malaysia and its subsidiaries were not subject to any modification.

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3 PRO FORMA CONSOLIDATED INCOME STATEMENTS (CONTINUED)

3.2 The analysis of the Pro Forma Consolidated Income Statement for the financial year ended 31 January 2010 is as follows:

	Audited Financial year ended 31 January 2010	Adjustments (Note 3.2.1)	Pro Forma Financial year ended 31 January 2010
	RM'000	RM'000	RM'000
Revenue	2,966,037	276,297	3,242,334
Cost of sales	(1,802,072)	(131,902)	(1,933,974)
Gross profit	1,163,965	144,395	1,308,360
Other operating income	22,300	630	22,930
Marketing and distribution costs	(240,615)	(42,050)	(282,665)
Administrative expenses	(266,269)	21,750	(244,519)
Finance income	63,290	5,808	69,098
Finance costs	(66,576)	(4,351)	(70,927)
Share of post tax results from investments accounted for using the equity method	-	(986)	(986)
Profit before tax	676,095	125,196	801,291
Tax expense	(174,546)	(12,819)	(187,365)
Profit for the financial year	501,549	112,377	613,926
Attributable to:			
Equity holder of the Company	501,549	112,594	614,143
Non-controlling interests	-	(217)	(217)
	501,549	112,377	613,926

3.2.1 Adjustments in arriving at the Pro Forma

The adjustments to the Pro Forma relate to financial results of Astro Malaysia subsidiaries other than MBNS Group and equity accounting for results of Astro Malaysia associates and jointly controlled entities for the financial year ended 31 January 2010, adjusted for the related intercompany eliminations for transactions within Astro Malaysia Group.

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification
only
Chartered Accountants

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3 PRO FORMA CONSOLIDATED INCOME STATEMENTS (CONTINUED)

3.3 The analysis of the Pro Forma Consolidated Income Statement for the financial year ended 31 January 2011 is as follows:

	Audited Financial year ended 31 January 2011	Adjustments (Note 3.3.1)	Pro Forma Financial year ended 31 January 2011
	RM'000	RM'000	RM'000
Revenue	3,378,258	285,807	3,664,065
Cost of sales	(1,908,350)	(92,019)	(2,000,369)
Gross profit	1,469,908	193,788	1,663,696
Other operating ineome	27,282	144	27,426
Marketing and distribution costs	(273,315)	(42,671)	(315,986)
Administrative expenses	(240,671)	(67,538)	(308,209)
Finance income	114,208	5,237	119,445
Finance costs	(89,634)	(4,022)	(93,656)
Share of post tax results from investments accounted for using the equity method	-	(2,213)	(2,213)
Profit before tax	1,007,778	82,725	1,090,503
Tax expense	(259,648)	(3,376)	(263,024)
Profit for the financial year	748,130	79,349	827,479
Attributable to:			
Equity holder of the Company	748,130	75,359	823,489
Non-controlling interests	-	3,990	3,990
	748,130	79,349	827,479

3.3.1 Adjustments in arriving at the Pro Forma

The adjustments to the Pro Forma relate to financial results of Astro Malaysia subsidiaries other than MBNS Group and equity accounting for results of Astro Malaysia associates and jointly controlled entities for the financial year ended 31 January 2011, adjusted for the related intercompany eliminations for transactions within Astro Malaysia Group.

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3 PRO FORMA CONSOLIDATED INCOME STATEMENTS (CONTINUED)

3.4 The analysis of the Pro Forma Consolidated Income Statement for the financial year ended 31 January 2012 is as follows:

	Audited Financial year ended 31 January 2012	Adjustments (Note 3.4.1)	Pro Forma Financial year ended 31 January 2012
	RM'000	RM'000	RM'000
Revenue	3,846,677	42,124	3,888,801
Cost of sales	(2,212,657)	(23,956)	(2,236,613)
Gross profit	1,634,020	18,168	1,652,188
Other operating income	26,592	643	27,235
Marketing and distribution costs	(313,366)	(9,593)	(322,959)
Administrative expenses	(358,868)	(7,216)	(366,084)
Finance income	68,306	378	68,684
Finance costs	(191,438)	(3,249)	(194,687)
Share of post tax results from investments accounted for using the equity method	4,190	(4,242)	(52)
Profit before tax	869,436	(5,111)	864,325
Tax expense	(235,246)	537	(234,709)
Profit for the financial year	634,190	(4,574)	629,616
Attributable to:			
Equity holder of the Company	629,061	(4,941)	624,120
Non-controlling interests	5,129	367	5,496
	634,190	(4,574)	629,616

3.4.1 Adjustments in arriving at the Pro Forma

The adjustments to the Pro Forma relate to the following:

(a) financial results of Astro Malaysia subsidiaries other than MBNS Group prior to the actual acquisition by Astro Malaysia Group for the financial period from 1 February 2011 to the respective acquisition dates;

(b) equity accounting for results of Astro Malaysia associates and jointly controlled entities prior to the actual acquisition by Astro Malaysia Group for the financial period from 1 February 2011 to the respective acquisition dates; and

(c) adjustments for the related intercompany eliminations for transactions within Astro Malaysia Group for the financial period from 1 February 2011 to the respective acquisition dates.

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3 PRO FORMA CONSOLIDATED INCOME STATEMENTS (CONTINUED)

3.5 The analysis of the Pro Forma Consolidated Income Statement for the financial period ended 30 April 2011 is as follows:

	Unaudited Financial period ended 30 April 2011	Adjustments (Note 3.5.1)	Pro Forma Financial period ended 30 April 2011
	RM'000	RM'000	RM'000
Revenue	866,242	42,124	908,366
Cost of sales	(498,218)	(23,956)	(522,174)
Gross profit	368,024	18,168	386,192
Other operating income	7,456	643	8,099
Marketing and distribution costs	(47,948)	(9,593)	(57,541)
Administrative expenses	(69,754)	(7,216)	(76,970)
Finance income	27,116	378	27,494
Finance costs	(19,689)	(3,249)	(22,938)
Share of post tax results from investments accounted for using the equity method	932	(1,806)	(874)
Profit before tax	266,137	(2,675)	263,462
Tax expense	(67,710)	537	(67,173)
Profit for the financial year	198,427	(2,138)	196,289
Attributable to:			
Equity holder of the Company	198,097	(2,505)	195,592
Non-controlling interests	330	367	697
	198,427	(2,138)	196,289

3.5.1 Adjustments in arriving at the Pro Forma

The adjustments to the Pro Forma relate to the following:

(a) financial results of Astro Malaysia subsidiaries other than MBNS Group prior to the actual acquisition by Astro Malaysia Group for the financial period from 1 February 2011 to the respective acquisition dates;

(b) equity accounting for results of Astro Malaysia associates and jointly controlled entities prior to the actual acquisition by Astro Malaysia Group for the financial period from 1 February 2011 to the respective acquisition dates; and

(c) adjustments for the related intercompany eliminations for transactions within Astro Malaysia Group for the financial period from 1 February 2011 to the respective acquisition dates.

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

APPENDIX A
Page 14

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4 PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

The Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 January 2012 has been prepared based on the group structure as of 30 April 2012 and on the assumption that Astro Malaysia Group had been in existence prior to 1 February 2011.

	Pro Forma Financial year ended 31 January 2012
	RM'000
Cash Flows From Operating Activities	
Profit before tax	864,325
Adjustments for:	
Amortisation:	
- programme rights	305,045
- software	83,169
Property, plant and equipment	
- depreciation	339,037
- loss on disposal	149
- written-off	2,071
Software	
- written-off	3
Barter transactions - revenue	(5,327)
Interest income	(62,750)
Interest expense	150,733
Dividend income - unit trust	(2,960)
Impairment of receivables	45,305
Bad debts written off	5,497
Write back of impairment of receivables	(8,134)
Inventories written off	1,093
Inventories written down	5,383
Unrealised foreign exchange losses	19,543
Recycling of hedge reserves	(8,939)
Share of post tax results from investments accounted for using the equity method	52
Operating profit before changes in working capital	1,733,295
Changes in working capital:	
Intangible assets - programme rights	(341,200)
Inventories	(3,083)
Receivables and prepayments	56,135
Payables	(265,547)
Cash from operations	1,179,600
Tax paid	(164,238)
Tax refund	58
Interest received	7,007
Net cash generated from operating activities	1,022,427
Cash Flows From Investing Activities	
Property, plant and equipment:	
- purchase	(476,674)
- proceeds from disposal	542
Intangible assets - software:	
- purchase	(61,850)
Advances to immediate holding company	(1,500,000)
Dividend received - unit trust	2,960
Interest received	50,543
Net cash used in investing activities	(1,984,479)

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4 PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

The Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 January 2012 has been prepared based on the group structure as of 30 April 2012 and on the assumption that Astro Malaysia Group had been in existence prior to 1 February 2011. (continued)

	Pro Forma Financial year ended 31 January 2012 RM'000
Cash Flows From Financing Activities	
Interest paid	(124,289)
Proceeds from borrowings	3,004,591
Repayment of finance lease liabilities	(37,763)
Redemption of Redeemable Preference Shares	(750,000)
Dividends paid	(1,330,674)
Net cash generated from financing activities	761,865
Net decrease in cash and cash equivalents	(200,187)
Effects of foreign exchange rate changes	(128)
Cash and cash equivalents at beginning of the financial year	678,517
Cash and cash equivalents at end of the financial year	478,202

4.1 Basis of preparation

The Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 January 2012 has been prepared in accordance with FRS and in a manner consistent with the format of the financial statements and accounting policies of Astro Malaysia Group.

For illustrative purposes, the Pro Forma Consolidated Statement of Cash Flows has been prepared based on the following assumptions:

(a) The Pro Forma Consolidated Statement of Cash Flows has been prepared based on the group structure as of 30 April 2012. The acquisitions or disposals of subsidiaries, associates and jointly controlled entities that were completed during the period from 1 February 2011 to 30 April 2012 were assumed to have been effected prior to 1 February 2011.

(b) The Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 January 2012 has been prepared based on the audited financial statements for the financial year ended 31 January 2012 of the subsidiaries as detailed in Note 3.1.2(b) above, adjusted for the equity accounting for results of Astro Malaysia associates and jointly controlled entities (see Note 3.1.2(d)), and appropriate eliminations and/or consolidation adjustments.

(c) The Pro Forma Consolidated Statement of Cash Flows has been prepared for illustrative purposes only. Such information, because of its nature, does not give a true picture of the actual cash flows of Astro Malaysia. Further, such information does not purport to predict Astro Malaysia's future cash flows.

(d) The auditors' report on the financial statements used in the preparation of the Pro Forma Consolidated Statement of Cash Flows of Astro Malaysia and its subsidiaries were not subject to any modification.

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

APPENDIX A
Page 16

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4 PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

4.2 The analysis of the Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 January 2012 is as follows:

	Audited Financial year ended 31 January 2012	Adjustments (Note 4.2.1)	Pro Forma Financial year ended 31 January 2012
	RM'000	RM'000	RM'000
Cash Flows From Operating Activities			
Profit before tax	869,436	(5,111)	864,325
Adjustments for:			
Amortisation:			
- programme rights	286,812	18,233	305,045
- software	82,316	853	83,169
Property, plant and equipment			
- depreciation	336,325	2,712	339,037
- loss on disposal	148	1	149
- written-off	2,071	-	2,071
Software			
- written-off	3	-	3
Barter transactions - revenue	(5,186)	(141)	(5,327)
Interest income	(62,530)	(220)	(62,750)
Interest expense	149,944	789	150,733
Dividend income - unit trust	(2,960)	-	(2,960)
Impairment of receivables	45,305	-	45,305
Bad debts written off	5,037	460	5,497
Write back of impairment of receivables	(7,553)	(581)	(8,134)
Inventories written off	1,093	-	1,093
Inventories written down	5,383	-	5,383
Unrealised foreign exchange losses/(gains)	20,086	(543)	19,543
Recycling of hedge reserves	(8,939)	-	(8,939)
Share of post tax results from investments accounted for using the equity method	(4,190)	4,242	52
Operating profit before changes in working capital	1,712,601	20,694	1,733,295
Changes in working capital:			
Intangible assets - programme rights	(321,534)	(19,666)	(341,200)
Inventories	(1,987)	(1,096)	(3,083)
Receivables and prepayments	111,828	(55,693)	56,135
Payables	(218,695)	(46,852)	(265,547)
Cash from operations:	1,282,213	(102,613)	1,179,600
Tax paid	(163,723)	(515)	(164,238)
Tax refund	-	58	58
Interest received	6,517	490	7,007
Net cash generated from/(used in) operating activities	1,125,007	(102,580)	1,022,427

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

APPENDIX A
Page 17

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4 PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

4.2 The analysis of the Pro Forma Consolidated Statement of Cash Flows for the financial year ended 31 January 2012 is as follows: (continued)

	Audited Financial year ended 31 January 2012 RM'000	Adjustments (Note 4.2.1) RM'000	Pro Forma Financial year ended 31 January 2012 RM'000
Cash Flows From Investing Activities			
Property, plant and equipment:			
- purchase	(474,485)	(2,189)	(476,674)
- proceeds from disposal	133	409	542
Intangible assets - software:			
- purchase	(56,424)	(5,426)	(61,850)
Advances to immediate holding company	(1,500,000)	-	(1,500,000)
Dividend received - unit trust	2,960	-	2,960
Interest received	50,543	-	50,543
Acquisition of subsidiaries and businesses, net of cash and cash equivalents acquired	(314,192)	314,192	-
Net cash (used in)/generated from investing activities	(2,291,465)	306,986	(1,984,479)
Cash Flows From Financing Activities			
Interest paid	(124,289)	-	(124,289)
Proceeds from borrowings	3,004,591	-	3,004,591
Repayment of finance lease liabilities	(37,763)	-	(37,763)
Redemption of Redeemable Preference Shares	(750,000)	-	(750,000)
Dividends paid	(1,045,795)	(284,879)	(1,330,674)
Net cash generated from/(used in) financing activities	1,046,744	(284,879)	761,865
Net decrease in cash and cash equivalents	(119,714)	(80,473)	(200,187)
Effects of foreign exchange rate changes	(420)	292	(128)
Cash and cash equivalents at beginning of the financial year	598,336	80,181	678,517
Cash and cash equivalents at end of the financial year	478,202	-	478,202

4.2.1 Adjustments in arriving at the Pro Forma

The adjustments to the Pro Forma relate to the following:

(a) financial results of Astro Malaysia subsidiaries other than MBNS Group prior to the actual acquisition by Astro Malaysia Group for the financial period from 1 February 2011 to the respective acquisition dates;

(b) equity accounting for results of Astro Malaysia associates and jointly controlled entities prior to the actual acquisition by Astro Malaysia Group for the financial period from 1 February 2011 to the respective acquisition dates; and

(c) adjustments for the related intercompany eliminations for transactions within Astro Malaysia Group for the financial period from 1 February 2011 to the respective acquisition dates.

ASTRO MALAYSIA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

5 APPROVAL BY BOARD OF DIRECTORS

Approval and adopted by the Board of Directors of Astro Malaysia Holdings Berhad in accordance with resolution dated 17 JUL 2012

On behalf of the Board

DATO' ROHANA BINTI TAN SRI DATUK HJ. ROZHAN
DIRECTOR

Kuala Lumpur
19 SEP 2012

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

12.7 Dividend policy

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for any financial year is subject to our shareholders' approval. As our Company is a holding company, our income, and therefore our ability to pay dividends, is dependent upon the dividends that we receive from our subsidiaries.

The payment of dividends by our subsidiaries will depend upon their operating results, earnings, capital requirements, general financial condition and other relevant factors. The actual dividend that our Board may recommend or declare in any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, our Company intends to take into account various factors including:

(i) the level of our cash, gearing, debt profile and retained earnings;

(ii) our expected financial performance; and

(iii) our projected levels of capital expenditure and other investment plans.

We intend to adopt a policy of active capital management. We propose to pay dividends out of cash generated from our operations after setting aside the necessary funding for capital expenditure and working capital needs. As part of this policy, we target a payout ratio of not less than 75% of our consolidated profit for the year under MFRS, in each financial year beginning 1 February 2013, subject to the confirmation of our Board and to any applicable law, licence and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements, or to any plans approved by our Board. Investors should note that this dividend policy merely describes our Company's present intention and shall not constitute legally binding statements in respect of our Company's future dividends which are subject to modification (including non-declaration thereof) at our Board's discretion.

Please refer to Section 5.2.3 of this Prospectus for the factors which may affect or restrict our ability to pay dividends.

pwc

The Board of Directors
Astro Malaysia Holdings Berhad
3rd Floor, Administration Building
All Asia Broadcast Centre
Technology Park Malaysia
Lebuhraya Puchong-Sungai Besi
Bukit Jalil, 57000, Kuala Lumpur

19 September 2012

PwC/SN/py/0014C

Dear Sirs,

Astro Malaysia Holdings Berhad
Accountants' Report

Introduction

This Accountants' Report ("Report") on Astro Malaysia Holdings Berhad ("Astro Malaysia" or "the Company") and its subsidiaries, associates and jointly controlled entities (collectively known as "Astro Malaysia Group" or "the Group") has been prepared by PricewaterhouseCoopers, an approved company auditor, for the purpose of inclusion in the Prospectus of Astro Malaysia in connection with the listing of and quotation for the shares of Astro Malaysia on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), and should not be relied upon for any other purposes.

The Group as at 30 April 2012 comprises the Company and the following entities:

(a) Subsidiaries
- (i) Astro Group Services Sdn. Bhd.
- (ii) Astro Brunei Sdn. Bhd.
- (iii) MEASAT Broadcast Network Systems Sdn. Bhd.
- (iv) Astro Entertainment Sdn. Bhd.
- (v) Astro Shaw Sdn. Bhd.
- (vi) MBNS Multimedia Technologies Sdn. Bhd.
- (vii) Astro Productions Sdn. Bhd.
- (viii) Astro Digital Sdn. Bhd.
- (ix) MEASAT Digicast Sdn. Bhd.
- (x) MEASAT Radio Communications Sdn. Bhd.
- (xi) Astro Radio Sdn. Bhd. (formerly known as Airtime Management And Programming Sdn. Bhd.)
- (xii) Maestra Broadcast Sdn. Bhd.
- (xiii) Radio Lebuhraya Sdn. Bhd.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

pwc

The Board of Directors
Astro Malaysia Holdings Berhad
19 September 2012

Introduction (continued)

(a) Subsidiaries (continued)

(xiv) Perfect Excellence Waves Sdn. Bhd.
(xv) DVR Player.Com Sdn. Bhd.
(xvi) Astro Awani Networks Sdn. Bhd.
(xvii) Maestro Talent and Management Sdn. Bhd.
(xviii) Astro Arena Sdn. Bhd.
(xix) Tayangan Unggul Sdn. Bhd.
(xx) Nusantara Films Sdn. Bhd.
(xxi) Karya Anggun Sdn. Bhd.
(xxii) Astro Publications Sdn. Bhd. (formerly known as MEASAT Publications Sdn. Bhd.)
(xxiii) Astro Digital 5 Sdn. Bhd. (formerly known as Digital Five Sdn. Bhd.)

(b) Associates

(i) Kristal-Astro Sdn. Bhd.
(ii) Advanced Wireless Technologies Sdn. Bhd.
(iii) UMTS (Malaysia) Sdn. Bhd.

(c) Jointly controlled entities

(i) Astro Awani Network Ltd.
(ii) Endemol Malaysia Entertainment Group Sdn. Bhd. (formerly known as Endemol South East Asia Sdn. Bhd.)
(iii) Nusantara Edaran Filem Sdn. Bhd.

Astro Malaysia was incorporated on 14 February 2011. As part of a reorganisation of AHSB group of companies ("Reorganisation"), the Company acquired the entire issued and paid up share capital of MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS") comprising 260,217,142 ordinary shares of RM1.00 each and 10,000 Class A Redeemable Preference Shares of RM1.00 each for a total consideration of RM6,795,540,152 on 5 April 2011. In addition, the Company acquired other businesses from subsidiaries companies of the ultimate holding company, AHSB, in March 2011 and April 2011 as described in Note 36. These business combinations under common control have been accounted for using the acquisition method of accounting in accordance with the principle of FRS 3 "Business Combinations".

MBNS has been identified as the accounting acquirer for these business combinations. Accordingly, although the consolidated financial statements have been prepared in the name of the Company being the legal parent, they are in substance a continuation of the consolidated financial statements of the legal subsidiary, MBNS and its subsidiary (MEASAT Digicast Sdn. Bhd. ("MDIG")).

The share capital shown in the Company's consolidated financial statements, including comparatives, is the legal structure of the Company. The acquisition of MBNS by the Company is deemed a capital reorganisation and the difference between the total consideration and the net assets of MBNS acquired at the date of acquisition, is recognised in the capital reorganisation reserve.

pwc

The Board of Directors
Astro Malaysia Holdings Berhad
19 September 2012

Introduction (continued)

The net identifiable assets and liabilities and post acquisition results of the acquired businesses as disclosed in Note 36 have been included in the consolidated financial statements of Astro Malaysia Group from the respective acquisition dates in March 2011 and April 2011.

This Accountants' Report includes the following sections:

Section	**Content**
(I) Astro Malaysia	Background information on Astro Malaysia.
(II) Astro Malaysia Group	Background information on Astro Malaysia Group, basis of preparation of historical financial information, summary of significant accounting policies and critical accounting estimates and judgements.
(III) Historical Financial Information of the Group	Historical Financial Information for the financial years ended 31 January 2010, 31 January 2011, 31 January 2012 and financial period ended 30 April 2012. The financial information for the financial period ended 30 April 2011 is unaudited and is presented purely for comparative purposes.

No audited financial statements have been prepared in respect of any period subsequent to 30 April 2012.

SECTION I – ASTRO MALAYSIA

pwc

I ASTRO MALAYSIA HOLDINGS BERHAD

1 **Background information and principal activities**

Astro Malaysia was incorporated in Malaysia on 14 February 2011 under the Companies Act, 1965 as a private company limited by shares under the name of Astro Malaysia Holdings Sdn. Bhd. On 18 July 2012, the Company was converted to a public company limited by shares and assumed its present name of Astro Malaysia Holdings Berhad. The Company was established as an investment holding company.

The Directors regard Astro Holdings Sdn. Bhd. ("AHSB") and Astro Networks (Malaysia) Sdn. Bhd. ("ANM"), both companies incorporated in Malaysia, as the Company's ultimate and immediate holding companies respectively.

The principal activity of the Company is investment holding. The Group is primarily engaged in the provision of television services, radio services, film library licensing, television content, creation, aggregation and distribution and multimedia interactive services. The principal activities of the subsidiaries are as disclosed in Note 13 of Section III.

The Company and its subsidiaries are collectively referred to as the Group.

pwc

I ASTRO MALAYSIA HOLDINGS BERHAD (CONTINUED)

2 Share capital

Details of the issued and paid-up share capital of Astro Malaysia since its incorporation on 14 February 2011 are as follows:

Date of allotment/ (redemption)	Number of ordinary shares/ RPS issued/ (redeemed)	Par value	Consideration	Cumulative issued and paid-up share capital
		RM		RM
Ordinary shares				
14.2.2011	2	1.00	Cash subscription	2
30.9.2011	98,235	1.00	Cash subscription with premium of RM999 per share	98,237
30.9.2011	1	1.00	Cash subscription with premium of RM327 per share	98,238
Redeemable Preference Shares ("RPS")				
30.9.2011	6,700	0.10	Cash subscription with premium of RM999,999.90 per share	670
30.4.2012	(1,500)	0.10	The total nominal value of RM150 was redeemed out of profits available for dividends and the total premium payable amounting to RM1,499,999,850 was provided out of the share premium account. The redemption created a capital redemption reserve of RM150 which was based on the nominal value of the RPS redeemed	520

SECTION II – ASTRO MALAYSIA GROUP

pwc

II ASTRO MALAYSIA HOLDINGS GROUP

1 Background information

(a) Group principal activities and information

The principal activity of the Company is investment holding. The Group is primarily engaged in the provision of television services, radio services, film library licensing, television content, creation, aggregation and distribution and multimedia interactive services. The principal activities of the subsidiaries are as disclosed in Note 13 of Section III.

The address of the registered office and principal place of business of the Company is as follows:

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

(b) Financial statements and auditors

We are the auditors for the Company for the financial period from 14 February 2011 (date of incorporation) to 30 April 2012, and auditors for the subsidiaries for the financial years ended 31 January 2010, 31 January 2011 and 31 January 2012 and financial period ended 30 April 2012, except as disclosed below:

Relationship	Companies	Auditors
Subsidiary	Astro Digital Sdn. Bhd. *	Gomez & Co. No 16-A (1st Floor) Jalan Tun Sambanthan 3 Brickfields, 50470 Kuala Lumpur, Malaysia.
Associate	Kristal-Astro Sdn. Bhd.	Messrs Lee Corporatehouse Associates No.11, Regent Square Simpang 150, Kampong Kiulap Bandar Seri Begawan BE1518 Brunei Darussalam.
Jointly controlled entity	Astro Awani Network Ltd.	PricewaterhouseCoopers 18 Cybercity, Ebène, Republic of Mauritius.
Jointly controlled entity	Endemol Malaysia Entertainment Group Sdn. Bhd. (formerly known as Endemol South East Asia Sdn. Bhd.)	Deloitte KassimChan Level 19, Uptown 1, Damansara Uptown, 1 Jalan SS21/58, 47400 Petaling Jaya, Malaysia.

* The financial statements of this company were audited by a firm other than us for the financial year ended 30 June 2010 and financial period ended 31 January 2011.

Other than the companies in the table above, all the other associates and jointly controlled entities of the Company as stated in page 2 are audited by us.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

1 Background information

(b) Financial statements and auditors (continued)

The consolidated financial statements have been drawn up by the Directors of the Company so as to give a true and fair view of the financial position of MBNS Group for the financial years ended 31 January 2010 and 31 January 2011, and of the Group for the financial year ended 31 January 2012, and of their financial performance and cash flows for the financial years then ended, and were reported on by us without qualification to the shareholders as a body in accordance with Section 174 of the Companies Act, 1965 and for no other purpose.

The audited interim consolidated financial statements have been drawn up by the Directors of the Company so as to give a true and fair view of the financial position of the Group for the financial period ended 30 April 2012 and its financial performance and cash flows for the financial period then ended, and were reported on by us without qualification to the Directors of the Group.

2 Basis of preparation of historical financial information in this Report

The audited consolidated financial statements included in this Report have been prepared from the following sources:

(i) The audited consolidated financial statements of MBNS Group for the financial years ended 31 January 2010 and 31 January 2011, which have been reported on by us without modification to the shareholder;

(ii) The audited consolidated financial statements of the Group for the financial year ended 31 January 2012, which have been reported on by us without modification to the shareholder; and

(iii) The audited interim consolidated financial statements of the Group for the financial period ended 30 April 2012, which have been reported on by us without modification to the Directors of the Company.

As part of a reorganisation of AHSB group of companies ("Reorganisation"), the Company acquired the entire issued and paid up share capital of MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS") comprising 260,217,142 ordinary shares of RM1.00 each and 10,000 Class A Redeemable Preference Shares of RM1.00 each for a total consideration of RM6,795,540,152 on 5 April 2011. In addition, the Company acquired other businesses from subsidiaries companies of the ultimate holding company, AHSB, in March 2011 and April 2011 as described in Note 36. These business combinations under common control have been accounted for using the acquisition method of accounting in accordance with the principles of FRS 3 "Business Combinations".

MBNS has been identified as the accounting acquirer for these business combinations. Accordingly, although the consolidated financial statements have been prepared in the name of the Company being the legal parent, they are in substance a continuation of the consolidated financial statements of the legal subsidiary, MBNS and its subsidiary (MEASAT Digicast Sdn. Bhd. ("MDIG")).

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

2 Basis of preparation of historical financial information in this Report (continued)

The share capital shown in the Company's consolidated financial statements, including comparatives, is the legal structure of the Company. The acquisition of MBNS by the Company is deemed a capital reorganisation and the difference between the total consideration and the net assets of MBNS acquired at the date of acquisition, is recognised in the capital reorganisation reserve.

The net identifiable assets and liabilities and post acquisition results of the acquired businesses as disclosed in Note 36 have been included in the consolidated financial statements of the Group from the respective acquisition dates in March 2011 and April 2011.

The consolidated financial statements of the Group have been prepared under the historical cost convention, except where otherwise stated in the accounting policies below. The consolidated financial statements for the financial years ended 31 January 2010, 31 January 2011 and 31 January 2012 were prepared in accordance with Financial Reporting Standards ("FRS"), and the consolidated financial statements for the financial period ended 30 April 2012 were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS").

On transition to the MFRS Framework with a transition date of 1 February 2011, the Group has applied MFRS 1 "First-Time Adoption of MFRS" which provides certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters. Save for the required presentation of a balance sheet and related notes as of the date of transition on 1 February 2011, there is no other significant impact on the Group's financial results and position, or changes to the accounting policies of the Group arising from the adoption of this MFRS Framework. MFRS framework is IFRS-compliant framework and equivalent to IFRS.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ('000), unless when otherwise indicated.

The preparation of financial statements in conformity with FRS and MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 of Section II.

While the Group's current liabilities exceeded its current assets by RM509,858,000 and total equity is in a deficit position of RM1,134,018,000 as at 30 April 2012, the Directors are of the view that no material uncertainty related to these conditions exists that may cast significant doubt on the Group's ability to continue as a going concern. The Directors believe that the Group is able to realise its assets and discharge its liabilities in the normal course of business and that the financial position will be improved through future operating profits and cash flows. In addition, the Group has access to term loan facilities of RM1.0 billion as at 30 April 2012 (Note 25(b)).

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

2 Basis of preparation of historical financial information in this Report (continued)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective

The Group will apply the new standards, amendments to standards and interpretations in the following period:

Financial year beginning on or after 1 February 2013

- MFRS 9 "Financial instruments - classification and measurement of financial assets and financial liabilities" (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ("FVTPL"). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

  MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

  The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

- MFRS 10 "Consolidated financial statements" (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 "Consolidated and separate financial statements" and IC Interpretation 112 "Consolidation – special purpose entities".

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

2 Basis of preparation of historical financial information in this Report (continued)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective (continued)

The Group will apply the new standards, amendments to standards and interpretations in the following period (continued):

Financial year beginning on or after 1 February 2013 (continued)

- MFRS 11 "Joint arrangements" (effective from 1 January 2013) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- MFRS 12 "Disclosures of interests in other entities" (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 "Investments in associates". It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

- MFRS 13 "Fair value measurement" (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised MFRS 127 "Separate financial statements" (effective from 1 January 2013) includes the provisions on separate financial statements that are left out after the control provisions of MFRS 127 have been included in the new MFRS 10.

- The revised MFRS 128 "Investments in associates and joint ventures" (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

2 **Basis of preparation of historical financial information in this Report (continued)**

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective (continued)

The Group will apply the new standards, amendments to standards and interpretations in the following period (continued):

Financial year beginning on or after 1 February 2013 (continued)

- Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

- Amendment to MFRS 119 "Employee benefits" (effective from 1 January 2013) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.

- Amendment to MFRS 132 "Financial instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

- Amendment to MFRS 7 "Financial instruments: Disclosures" (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

The Group is in the process of making an assessment of the impact of the adoption of these standards, amendments to published standards and interpretations to existing standards.

3 **Summary of significant accounting policies**

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the years presented unless otherwise stated.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 Summary of significant accounting policies (continued)

3.1 Group accounting

(a) 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 currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

Under the acquisition method of accounting, as adopted on acquisition of commonly controlled companies, the cost of an acquisition is measured as the fair value of the assets acquired and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of the non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions with non-controlling interests

Non-controlling interest is measured at their share of the post acquisition fair values of the identifiable assets and liabilities of the invested entities. Total comprehensive income of subsidiaries is attributable to the equity holder of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 Summary of significant accounting policies (continued)

3.1 Group accounting (continued)

(c) Associates

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 over their operating and financial policies, but over which it does not have control.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of accumulated impairment) on acquisition. 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. 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 amounts owing by the associate.

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. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

(d) Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties.

The Group's interests in jointly controlled entities are accounted for using the equity method of accounting. Equity accounting involves recognising in the income statement the Group's share of the results of jointly controlled entities for the period. The Group's investments in jointly controlled entities are carried in the balance sheet at an amount that reflects its share of the net assets of the jointly controlled entities and includes any long term interests.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are also eliminated unless costs cannot be recovered.

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

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 **Summary of significant accounting policies (continued)**

3.2 **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated on a straight line basis to write off the cost of each asset to the residual value over its estimated useful life. 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
Satellite transponders	15 years
Equipment, fixtures and fittings	4 - 10 years
Broadcast and transmission equipment	3 - 10 years

Freehold land is not depreciated as it has an unlimited useful life.

Broadcast and transmission equipment mainly comprises set-top boxes and the outdoor dish units (collectively called "HD set-top boxes") used to provide the Astro High Definition Services ("Astro B.yond") to Astro subscribers. These specific HD set-top boxes remain the property of the Group after installation, and are recovered if the subscriber contract is terminated. The HD set-top boxes are capitalised and depreciated over their useful economic life of 3 years.

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

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.6 on impairment of non-financial assets.

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

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

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 Summary of significant accounting policies (continued)

3.3 Leases

(a) Finance leases

Leases of property, plant and equipment where the Group assumes 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 periodic constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included as part of borrowings.

Assets acquired under finance leases are depreciated according to the basis set out in Note 3.2.

(b) Operating leases

Leases where a significant portion of the risks 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.

3.4 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition of a subsidiary/associate/jointly controlled entity over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate/jointly controlled entity at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of investments accounted for using the equity method is included in the investments. Goodwill is not amortised, but is subject to an annual review for impairment and carried at cost less accumulated impairment losses. Any impairment is charged to the income statement as it arises. The calculation of the gains and losses on the disposal takes into account the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 Summary of significant accounting policies (continued)

3.4 Intangible assets (continued)

(b) Computer software

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

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 estimated useful economic lives of 3 - 7 years. Amortisation is included in cost of sales, administrative expenses and marketing and distribution costs as appropriate.

(c) Software development

No amortisation is calculated on software development until the software is completed and is ready for its intended used.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

At each balance sheet date, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.6 on impairment of non-financial assets.

(d) Brands

Brands acquired in a business combination are recognised at fair value at the acquisition date. The brands have an indefinite useful life and are not amortised, but is subject to annual review for impairment and carried at cost less accumulated impairment losses. Any impairment is charged to income statement as it arises.

The useful lifes of the brands are estimated to be indefinite because based on a strong position in the market and the clear precedence of similar radio companies which have adopted an indefinite life for the radio brands. Management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 Summary of significant accounting policies (continued)

3.4 Intangible assets (continued)

(e) Film library and programme rights

The film library comprises acquired films and films produced for the Group 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.

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

The cost of film under production comprises expenditure incurred in the production of films and is stated at cost. The cost incurred for the production in progress will commence amortisation in the period that the motion pictures are screened in the cinemas.

The programme rights comprise rights licensed from third parties and programmes produced for the Group 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 amortises programme rights based on an accelerated basis over the license period, or estimated useful life if shorter, from the date of first transmission, to match the costs of consumption with the estimated benefits to be received. Amortisation is included in cost of sales. The amortisation period is not more than three years.

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

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.6 on impairment of non-financial assets.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 Summary of significant accounting policies (continued)

3.5 Turnaround channel transmission rights

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

3.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units).

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

3.7 Inventories

Inventories which principally comprise tapes, set-top boxes used in the provision of the standard definition services of Astro and other materials are stated at the lower of cost and net realisable value.

Cost is determined based on the weighted average cost method. Where appropriate, allowance is made for obsolete or slow-moving inventories based on management's analysis of inventory levels and future sales forecasts.

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 boxes is charged to cost of sales when the set-top boxes are delivered to the customer.

3.8 Borrowings

Borrowings are stated at amortised cost using the effective yield method; any difference between the initial carrying value and the redemption value is recognised in the income statement using the effective yield method over the period of the borrowings.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 Summary of significant accounting policies (continued)

3.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 Summary of significant accounting policies (continued)

3.10 Employee benefits

(a) Short term employee benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(b) Defined contribution plans

The Group pays contributions to publicly administered pension plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations. The regular contributions are accounted for on the accruals basis.

(c) Termination benefits

Termination benefits may be paid whenever an employee's employment is terminated before the normal retirement date. 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 invitation made to encourage voluntary redundancy.

3.11 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into RM using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 Summary of significant accounting policies (continued)

3.12 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, cash at bank and deposits held at call with banks and investments in unit trust cash/money market funds.

3.13 Contingent liabilities and assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group discloses the existence of contingent assets where inflows of economic benefits are probable, but not virtually certain.

3.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is more likely than not that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 Summary of significant accounting policies (continued)

3.15 Share capital

(a) Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(b) Share issuance costs

Incremental external costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from proceeds.

(c) Dividends

Dividends on ordinary shares are recognised as liabilities when declared.

(d) Redeemable Preference Shares ("RPS")

Redeemable preference shares are classified as equity and/or liability according to the economic substance of the particular instrument (Note 28).

3.16 Revenue recognition

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

Subscription fees invoiced prior to services being provided are recognised as unearned revenue.

Airtime revenues, derived from the placement of commercials on the satellite television are recognised in the period during which the commercials are aired.

Airtime and multimedia advertising revenues are respectively recognised upon the broadcast of commercials on radio stations and posting advertisements on websites, net of service taxes and discounts.

Advertising revenues from sale of advertising space in magazines are recognised in the period during which advertisings are published.

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 and goods received. The revenue is recognised over the period of the contracts as the commercials are aired. The fair market value of the equipment and goods received is recorded as an asset when they qualify for assets recognition or otherwise expensed. Services received in exchange are expensed over the service period.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 Summary of significant accounting policies (continued)

3.16 Revenue recognition (continued)

Revenue from sale of set-top boxes is recognised in the period the set-top boxes are delivered as ownership is transferred to the customer upon delivery. HD set-top boxes are not sold as ownership of these boxes remain with the Group, as disclosed in Note 3.2.

Revenue from provision of film library and programme rights is recognised in the period the rights are available to the licensee.

Fees from the development of multimedia and interactive applications (interactive services) are recognised over the contractual period in which the development takes place. Fees from the right to access multimedia and interactive applications are recognised over the period in which the services are provided.

Interest income is recognised using the effective interest method.

3.17 Financial instruments

The following accounting policies are based on the principles set out in FRS 139 Financial Instruments: Recognition and Measurement and applied prospectively from 1 February 2010.

(a) Financial instruments recognised on the balance sheet

Financial instruments carried in the balance sheet include cash and bank balances, deposits, receivables, payables and borrowings. The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

(b) Fair value estimation for disclosure purposes

In assessing the fair value of financial instruments, the Group makes certain assumptions that are based on market conditions existing at each balance sheet date and apply the discounted cash flows method to discount the future cash flows to determine the fair value of the financial instruments.

The face value, 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.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 Summary of significant accounting policies (continued)

3.18 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), loans and receivables, available-for-sale and held-to-maturity ("HTM"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

(i) Financial assets at FVTPL

Financial assets at FVTPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. They are included in Receivables and Prepayments (Note 20) in the balance sheet at amortised cost.

(iii) HTM investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intent and ability to hold it to maturity. They are classified as non-current assets when the remaining maturities are more than twelve months and as current assets when the remaining maturities are less than twelve months. They are included in Financial Assets in the balance sheet at amortised cost (Note 17).

(b) Recognition and measurement

Purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at FVTPL. Financial assets carried at FVTPL are initially recognised at fair value, and transaction costs are expensed in the income statement. FVTPL are subsequently carried at fair value. Loan and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 Summary of significant accounting policies (continued)

3.18 Financial assets (continued)

(c) Subsequent measurement - Impairment of financial assets

Financial assets carried at amortised cost are impaired when there is objective evidence as a result of one or more events that the present value of estimated discounted future cash flows is lower than the carrying value. Any impairment losses are recognised immediately in the statement of comprehensive income. Financial assets are continuously monitored and allowances are applied against financial assets on collective basis based on the Group's historical loss experiences for the relevant aged category.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the income statement.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The Group may measure impairment on the basis of an instrument's fair value using an observable market price.

(d) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risk and rewards of ownership.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 Summary of significant accounting policies (continued)

3.19 Financial liabilities

Financial liabilities within the scope of FRS 139 "Financial Instruments: Recognition and Measurement" are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in income statement. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

3.20 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 24. Movements on the hedging reserve in shareholders' equity are shown in the statements of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than twelve months and as a current asset or liability when the remaining maturity of the hedged item is less than twelve months. Trading derivatives are classified as current assets or liabilities.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 Summary of significant accounting policies (continued)

3.20 Derivative financial instruments and hedging aetivities (continued)

(a) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. However, when a forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(b) Derivatives at FVTPL

Changes in the fair value of derivative financial instrument that do not qualify for hedge accounting are recognised in income statement as they arise.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in income statement.

3.21 Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

3 Summary of significant accounting policies (continued)

3.22 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker comprising of the Board of Directors, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

4 Critical accounting estimates and judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are outlined below.

(a) Property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight line basis over the assets' useful lives. The useful lives of these assets estimated by the management are as disclosed in Note 3.2 to the financial statements. The assets' residual values are reviewed and adjusted if appropriate, at each balance sheet date.

In relation to the HD set-top boxes, the capitalised costs are depreciated over the estimated useful life of the equipment, which is based on management's judgement of the risk of technical obsolescence and expected churn rates. Due to the inherent difficulty of making the estimate, the estimated useful life of the HD set-top boxes may change based on, amongst other things, changes in technology as well as responses to competitive conditions.

(b) Programme rights

The Group amortises programme rights based on an accelerated basis over the license period, or estimated useful life if shorter, from the date of first transmission, to match the costs of consumption with the estimated benefits to be received as disclosed in Note 3.4(e). The estimated benefits to be received are based on the management's estimates of the number of times a programme will be broadcast and the relative value associated with each broadcast.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

4 **Critical accounting estimates and judgements (continued)**

(c) Impairment test for goodwill and indefinite life intangible assets

Goodwill and indefinite life intangible assets are allocated to the Group's cash-generating units ("CGUs") identified according to operating segment. The CGUs that have been allocated goodwill and include indefinite life intangible assets are disclosed in Note 18 to the financial statements.

As at 31 January 2012 and 30 April 2012:

CGU	Indefinite life intangible assets (Brands) (Note 18) RM' 000	Goodwill allocated (Note 18) RM' 000	Total RM'000
Multi-channel television	-	464,387	464,387
Radio	328,000	600,512	928,512
Total	328,000	1,064,899	1,392,899

There are no goodwill or indefinite life of intangible assets at 31 January 2010 and 31 January 2011.

The goodwill and indefinite life of intangible assets have been recorded following various acquisitions as highlighted in Note 18 to the consolidated financial statements, which were completed in the year ended 31 January 2012.

The recoverable amount of the CGUs was determined based on value in use basis and no impairment was identified.

pwc

II ASTRO MALAYSIA HOLDINGS GROUP (CONTINUED)

4 Critical accounting estimates and judgements (continued)

(c) Impairment test for goodwill and indefinite life intangible assets (continued)

The recoverable amount reflects past experience of the transaction value for the related CGUs, including observable comparable market transactions and the approved cash flow projections of the CGUs. The cash flow projections are based on the Board approved budget for the next financial year and the strategic plan covering a five year period, after which a long term growth rate of the respective markets has been applied. The projection period has been determined to reflect the completion of the projected investment cycle of the respective businesses. Management has considered external information in completing the budget and strategic plan, including forecast economic indicators for the Malaysian market as well as competitive landscape and potential changes in technology.

The key assumptions applied in the impairment calculations as at 31 January 2012 and 30 April 2012 include:

CGU	Pre-tax discount rate	Terminal growth assumption	Compound revenue growth rate in the projection period
Multi-channel television	11.9%	3.0%	12.5%
Radio	13.7%	3.0%	8.0%

The projection assumes the renewal of all current licences granted to the Group.

Sensitivity analysis has been performed around the base case assumptions with the conclusion that no reasonably possible changes in key assumptions would cause the recoverable amount to be less than the carrying amount.

SECTION III – HISTORICAL FINANCIAL INFORMATION OF THE GROUP

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP

(a) Consolidated Financial Statements

Consolidated Income Statements

The following consolidated income statements are based on the audited consolidated financial statements of the Group for the financial years ended 31 January 2010, 31 January 2011, 31 January 2012 and financial period ended 30 April 2012. The consolidated financial information for the financial period ended 30 April 2011 is unaudited.

	Note	Financial years ended			3 month financial periods ended	
		31.1.2010 Audited RM'000	31.1.2011 Audited RM'000	31.1.2012 Audited RM'000	30.4.2011 Unaudited RM'000	30.4.2012 Audited RM'000
Revenue	5	2,966,037	3,378,258	3,846,677	866,242	986,028
Cost of sales		(1,802,072)	(1,908,350)	(2,212,657)	(498,218)	(584,989)
Gross profit		1,163,965	1,469,908	1,634,020	368,024	401,039
Other operating income		22,300	27,282	26,592	7,456	6,989
Marketing and distribution costs		(240,615)	(273,315)	(313,366)	(47,948)	(90,154)
Administrative expenses		(266,269)	(240,671)	(358,868)	(69,754)	(100,135)
Finance income	8(a)	63,290	114,208	68,306	27,116	22,911
Finance costs	8(b)	(66,576)	(89,634)	(191,438)	(19,689)	(69,238)
Share of post tax results from investments accounted for using the equity method		-	-	4,190	932	489
Profit before tax	6	676,095	1,007,778	869,436	266,137	171,901
Tax expense	9	(174,546)	(259,648)	(235,246)	(67,710)	(48,536)
Profit for the financial year/period		501,549	748,130	634,190	198,427	123,365
Attributable to:						
Equity holder of the Company		501,549	748,130	629,061	198,097	122,282
Non-controlling interests		-	-	5,129	330	1,083
		501,549	748,130	634,190	198,427	123,365
Basic/diluted earnings per ordinary share (RM)	10	5,117.8	7,634.0	6,419.0	2,021.4	1,247.8

The consolidated Group comparatives for the financial years ended 31 January 2010, 31 January 2011 and period from 1 February 2011 to 14 February 2011 represents the results of MEASAT Broadcast Network Systems Sdn Bhd ("MBNS") and its subsidiary, MEASAT Digicast Sdn Bhd ("MDIG"). Please refer to Section II Note 2 for the basis of preparation.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(a) Consolidated Financial Statements (continued)

Consolidated Statements of Comprehensive Income

	Financial years ended			3 month financial periods ended	
	31.1.2010	31.1.2011	31.1.2012	30.4.2011	30.4.2012
	Audited	Audited	Audited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit for the financial year/period	501,549	748,130	634,190	198,427	123,365
Other comprehensive income:					
Cash flow hedges:					
- Net fair value (loss)/gain	-	(10,330)	(139,602)	(3,879)	7,030
- Reclassification adjustments for loss on realisation of derivative instruments included in profit or loss	-	9,176	25,840	1,954	13,088
Foreign currency translation	-	-	-	-	54
Other comprehensive (loss)/income for the year/period, net of tax	-	(1,154)	(113,762)	(1,925)	20,172
Total comprehensive income	501,549	746,976	520,428	196,502	143,537
Attributable to:					
Equity holder of the Company	501,549	746,976	515,299	196,172	142,454
Non-controlling interests	-	-	5,129	330	1,083
	501,549	746,976	520,428	196,502	143,537

The consolidated Group comparatives for the financial years ended 31 January 2010, 31 January 2011 and period from 1 February 2011 to 14 February 2011 represents the comprehensive income of MEASAT Broadcast Network Systems Sdn Bhd ("MBNS") and its subsidiary, MEASAT Digicast Sdn Bhd ("MDIG"). Please refer to Section II Note 2 for the basis of preparation.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(a) Consolidated Financial Statements (continued)

Consolidated Balance Sheets

The following consolidated balance sheets are based on the audited consolidated financial statements of the Group for the financial years ended 31 January 2010, 31 January 2011, 31 January 2012 and financial period ended 30 April 2012.

	Note			As at	As at
		31.1.2010	31.1.2011**	31.1.2012	30.4.2012
		Audited	Audited	Audited	Audited
		RM'000	RM'000	RM'000	RM'000
Non-current Assets					
Property, plant and equipment	12	1,330,391	1,427,499	1,654,231	1,714,161
Investment in associates	14	-	-	39,429	41,251
Investment in joint ventures	15	-	-	8,678	6,342
Prepayments	20	-	-	134,762	147,733
Advances to immediate holding company	16	-	-	1,500,000	-
Financial assets	17	10,000	10,000	-	-
Deferred tax assets	26	5,780	-	-	-
Intangible assets	18	176,262	258,441	1,770,735	1,760,829
		1,522,433	1,695,940	5,107,835	3,670,316
Current Assets					
Inventories	19	21,265	15,363	13,291	17,235
Receivables and prepayments	20	728,511	699,086	798,159	763,453
Derivative financial instruments	24	-	-	-	409
Advances to former holding company	16	255,458	257,958	-	-
Advances to ultimate holding company	21	-	-	105,060	106,441
Financial assets	17	10,000	-	10,000	-
Tax recoverable		423	2,723	1,283	1,491
Deposits, cash and bank balances	22	260,557	598,336	478,202	479,106
		1,276,214	1,573,466	1,405,995	1,368,135

** Also represents the balance sheet of the Group as at 1 February 2011, which is the MFRS transition date.

The consolidated Group comparatives as at 31 January 2010 and 31 January 2011 represents the balance sheet position of MEASAT Broadcast Network Systems Sdn Bhd ("MBNS") and its subsidiary, MEASAT Digicast Sdn Bhd ("MDIG"). Please refer to Section II Note 2 for the basis of preparation.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(a) Consolidated Financial Statements (continued)

Consolidated Balance Sheets (continued)

	Note	31.1.2010 Audited RM'000	31.1.2011** Audited RM'000	As at 31.1.2012 Audited RM'000	As at 30.4.2012 Audited RM'000
Current Liabilities					
Payables	23	815,162	1,013,882	1,580,660	1,688,566
Advances from ultimate holding company	21	-	-	66,200	67,028
Derivative financial instruments	24	-	1,154	3,627	-
Borrowings	25	24,702	32,444	43,484	33,551
Tax liabilities		9,033	-	82,914	88,848
		848,897	1,047,480	1,776,885	1,877,993
Net Current Assets/(Liabilities)		427,317	525,986	(370,890)	(509,858)
Non-current Liabilities					
Payables	23	232,784	256,976	323,013	402,237
Derivative financial instruments	24	-	-	102,350	84,288
Borrowings	25	905,871	731,526	3,666,447	3,659,986
Deferred tax liabilities	26	1,312	82,537	153,690	147,965
		1,139,967	1,071,039	4,245,500	4,294,476
NET ASSETS/(LIABILITIES)		809,783	1,150,887	491,445	(1,134,018)
Capital and reserves attributable to equity holder of the Company					
Share capital	27	98	98	98	98
Share premium	27	6,798,136	6,798,136	6,798,136	5,298,136
Redeemable preference shares	28	1	1^	1^	1+
Exchange reserve		-	-	(27)	27
Capital redemption reserve		-	-	-*	-#
Capital reorganisation reserve	29	(5,351,615)	(5,351,615)	(5,470,197)	(5,470,197)
Hedging reserve	30	-	(1,154)	(114,916)	(94,798)
Accumulated losses		(636,837)	(294,579)	(730,204)	(876,922)
		809,783	1,150,887	482,891	(1,143,655)
Non-controlling interests		-	-	8,554	9,637
TOTAL EQUITY/(DEFICIT IN EQUITY)		809,783	1,150,887	491,445	(1,134,018)

+Denotes RM520
^Denotes RM670
# Denotes RM157.50
* Denotes RM7.50
**Also represents the balance sheet of the Group as at 1 February 2011, which is the MFRS transition date.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(a) Consolidated Financial Statements (continued)

Consolidated Statements of Changes in Equity

The following consolidated statement of changes in equity are based on the audited consolidated financial statements of the Group for the financial years ended 31 January 2010, 31 January 2011, 31 January 2012 and financial period ended 30 April 2012. The consolidated financial information for the financial period ended 30 April 2011 is unaudited.

	Attributable to equity holder of MBNS					
31 January 2010	Share capital (Note 27)	Share premium (Note 27)	Redeemable preference shares (Note 28)	Capital reorganisation reserve (Note 29)	Accumulated losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 February 2009 – as previously stated	255,217	1,470,703	2,850	-	(988,692)	740,078
Effect of capital reorganisation on acquisition of MBNS by the Company on 5 April 2011	(255,119)	5,327,433	(2,849)	(5,069,465)	-	-
At 1 February 2009 – as restated	98	6,798,136	1^	(5,069,465)	(988,692)	740,078
Profit for the financial year	-	-	-	-	501,549	501,549
Total comprehensive income for the year	-	-	-	-	**501,549**	**501,549**
Redemption of RPS	-	-	-	(282,150)	(2,850)	(285,000)
Cumulation of RPS yield	-	-	-	-	(1,371)	(1,371)
Ordinary shares dividends	-	-	-	-	(145,473)	(145,473)
Transactions with owners	-	-	-	**(282,150)**	**(149,694)**	**(431,844)**
At 31 January 2010	98	6,798,136	1^	(5,351,615)	(636,837)	809,783

^ Denotes RM670

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(a) Consolidated Financial Statements (continued)

Consolidated Statements of Changes in Equity (continued)

	Attributable to equity holder of MBNS							
31 January 2011	Share capital (Note 27)	Share premium (Note 27)	Redeemable preference shares (Note 28)	Capital redemption reserve	Capital reorganisation reserve (Note 29)	Hedging reserve (Note 30)	Accumulated losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 February 2010 – as previously stated	255,217	1,188,553	-	2,850	-	-	(636,837)	809,783
Effect of capital reorganisation on acquisition of MBNS by the Company on 5 April 2011	(255,119)	5,609,583	1^	(2,850)	(5,351,615)	-	-	-
At 1 February 2010 – as restated	98	6,798,136	1^	-	(5,351,615)	-	(636,837)	809,783
Profit for the financial year	-	-	-	-	-	-	748,130	748,130
Other comprehensive loss for the year	-	-	-	-	-	(1,154)	-	(1,154)
Total comprehensive (loss)/income for the year	-	-	-	-	-	**(1,154)**	**748,130**	**746,976**
Ordinary shares dividends	-	-	-	-	-	-	(405,872)	(405,872)
Transactions with owners	-	-	-	-	-	-	**(405,872)**	**(405,872)**
At 31 January 2011	98	6,798,136	1^	-	(5,351,615)	(1,154)	(294,579)	1,150,887

^ Denotes RM670

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(a) Consolidated Financial Statements (continued)

Consolidated Statements of Changes in Equity (continued)

31 January 2012	Attributable to equity holder of the Company: Share capital (Note 27) RM'000	Merger relief reserve (Note 38) RM'000	Share premium (Note 27) RM'000	Redeemable preference shares (Note 28) RM'000	Exchange reserve RM'000	Capital redemption reserve RM'000	Capital reorganisation reserve (Note 29) RM'000	Hedging reserve (Note 30) RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total RM'000
At 1 February 2011	98	-	6,798,136	1^	-	-	(5,351,615)	(1,154)	(294,579)	1,150,887	-	1,150,887
Profit for the financial year	-	-	-	-	-	-	-	-	629,061	629,061	5,129	634,190
Other comprehensive loss for the year	-	-	-	-	-	-	-	(113,762)	-	(113,762)	-	(113,762)
Total comprehensive (loss)/income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(113,762)**	**629,061**	**515,299**	**5,129**	**520,428**
Effect of capital reorganisation following acquisition of Radio Group through equity issue by MBNS	-	218,582	-	-	-	-	631,418	-	-	850,000	-	850,000
Effect of capital reorganisation following acquisition of other businesses	-	-	-	-	(27)	-	-	-	47,853	47,826	-	47,826
Ordinary shares dividends declared by MBNS prior to capital reorganisation	-	(218,582)	-	-	-	-	-	-	(344,391)	(562,973)	-	(562,973)
Redemption of RPS	-	-	-	-	-	0*	(750,000)	-	(0)*	(750,000)	-	(750,000)
Ordinary shares dividends declared	-	-	-	-	-	-	-	-	(768,148)	(768,148)	-	(768,148)
Issuance of shares to non-controlling interest	-	-	-	-	-	-	-	-	-	-	3,425	3,425
Transactions with owners	**-**	**-**	**-**	**-**	**(27)**	**0***	**(118,582)**	**-**	**(1,064,686)**	**(1,183,295)**	**3,425**	**(1,179,870)**
At 31 January 2012	98	-	6,798,136	1^	(27)	0*	(5,470,197)	(114,916)	(730,204)	482,891	8,554	491,445

* Denotes RM7.50

^ Denotes RM670

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(a) Consolidated Financial Statements (continued)

Consolidated Statements of Changes in Equity (continued)

30 April 2011 (Unandited)	Attributable to equity holder of the Company									
	Share capital (Note 27)	Merger relief reserve	Share premium (Note 27)	Redeemable preference shares (Note 28)	Capital reorganisation reserve (Note 29)	Hedging reserve (Note 30)	Accumulated losses	Total	Non-controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 February 2011	98	-	6,798,136	1^	(5,351,615)	(1,154)	(294,579)	1,150,887	-	1,150,887
Profit for the financial period	-	-	-	-	-	-	198,097	198,097	330	198,427
Other comprehensive loss for the period	-	-	-	-	-	(1,925)	-	(1,925)	-	(1,925)
Total comprehensive (loss)/income for the period	-	-	-	-	-	**(1,925)**	**198,097**	**196,172**	**330**	**196,502**
Effect of capital reorganisation following acquisition of Radio Group through equity issue by MBNS*	-	218,582	-	-	631,418	-	-	850,000	-	850,000
Effect of capital reorganisation following acquisition of other businesses	-	-	-	-	-	-	47,826	47,826	-	47,826
Ordinary shares dividends declared by MBNS* (Note 11)	-	(218,582)	-	-	-	-	(344,391)	(562,973)	-	(562,973)
Transactions with owners	-	-	-	-	**631,418**	-	**(296,565)**	**334,853**	-	**334,853**
At 30 April 2011	98	-	6,798,136	1^	(4,720,197)	(3,079)	(393,047)	1,681,912	330	1,682,242

^ Denotes RM670

* MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS")

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(a) Consolidated Financial Statements (continued)

Consolidated Statements of Changes in Equity (continued)

	Attributable to equity holder of the Company										
30 April 2012	Share capital (Note 27)	Share premium (Note 27)	Redeemable preference shares (Note 28)	Exchange reserve	Capital redemption reserve	Capital reorganisation reserve (Note 29)	Hedging reserve (Note 30)	Accumulated Losses	Total	Non-controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 February 2012	98	6,798,136	1^	(27)	0•	(5,470,197)	(114,916)	(730,204)	482,891	8,554	491,445
Profit for the financial period	-	-	-	-	-	-	-	122,282	122,282	1,083	123,365
Other comprehensive income for the period	-	-	-	54	-	-	20,118	-	20,172	-	20,172
Total comprehensive income for the period	-	-	-	**54**	-	-	**20,118**	**122,282**	**142,454**	**1,083**	**143,537**
Redemption of RPS (Note 16)	-	(1,500,000)	(0)+	-	0+	-	-	(0)+	(1,500,000)	-	(1,500,000)
Ordinary shares dividend declared (Note 11)	-	-	-	-	-	-	-	(269,000)	(269,000)	-	(269,000)
Transactions with owners	-	**(1,500,000)**	**(0)+**	-	**0+**	-	-	**(269,000)**	**(1,769,000)**	-	**(1,769,000)**
At 30 April 2012	98	5,298,136	1※	27	0*	(5,470,197)	(94,798)	(876,922)	(1,143,655)	9,637	(1,134,018)

^ Denotes RM670
• Denotes RM7.50
\+ Denotes RM150
※ Denotes RM520
* Denotes RM157.50

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(a) Consolidated Financial Statements (continued)

Consolidated Cash Flow Statements

The following consolidated cash flow statements are based on the audited consolidated financial statements of the Group for the financial years ended 31 January 2010, 31 January 2011, 31 January 2012 and financial period ended 30 April 2012. The consolidated financial information for the financial period ended 30 April 2011 is unaudited.

		Financial years ended			3 month financial periods ended	
	Note	31.1.2010 Audited RM'000	31.1.2011 Audited RM'000	31.1.2012 Audited RM'000	30.4.2011 Unaudited RM'000	30.4.2012 Audited RM'000
Cash Flows From Operating Activities						
Profit before tax		676,095	1,007,778	869,436	266,137	171,901
Adjustments for:						
Amortisation						
- programme rights		98,733	191,855	286,812	41,258	70,590
- software		30,001	46,316	82,316	18,681	19,476
Property, plant and equipment						
- depreciation		118,465	222,115	336,325	73,129	104,461
- (gain)/loss on disposal		(473)	(2,061)	148	(86)	(16)
- written-off		7,409	-	2,071	-	252
Software						
- impairment		6,793	8,021	-	-	-
- written-off		-	-	3	-	-
Barter transactions – revenue		(5,148)	(1,927)	(5,186)	(1,818)	(710)
Interest income	8(a)	(10,773)	(12,913)	(62,530)	(2,208)	(22,335)
Interest expense	8(b)	68,351	74,694	149,944	17,643	50,125
Dividend income – unit trust	8(a)	(1,728)	(3,051)	(2,960)	(1,879)	-
Impairment of receivables/ bad debts written off		51,087	65,297	50,342	13,325	18,452
Impairment of inventories		-	-	-	62	-
Write back of impairment of receivables		-	(3,699)	(7,553)	-	-
Inventories written off/(written back)		2,138	112	1,093	-	(60)
Inventories written down		-	-	5,383	-	-
Bad debts recovered		(1,345)	-	-	-	-
Unrealised foreign exchange (gains)/losses		(47,953)	(127,237)	20,086	(32,762)	7,217
Recycling of hedge reserves		-	-	(8,939)	-	(1,980)
Share of post tax results from investments accounted for using the equity method		-	-	(4,190)	(932)	(489)
Operating profit before changes in working capital		991,652	1,465,300	1,712,601	390,550	416,884

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(a) Consolidated Financial Statements (continued)

Consolidated Cash Flow Statements (continued)

	Note	Financial years ended			3 month financial periods ended	
		31.1.2010	31.1.2011	31.1.2012	30.4.2011	30.4.2012
		Audited	Audited	Audited	Unaudited	Audited
		RM'000	RM'000	RM'000	RM'000	RM'000
Changes in working capital:						
Intangible assets – programme rights		(95,937)	(212,426)	(321,534)	(63,101)	(73,048)
Inventories		12,801	5,790	(1,987)	(138)	(3,884)
Receivables and prepayments		(270,010)	(43,489)	111,828	975,708	30,032
Payables		(74,198)	242,435	(218,695)	(456,785)	38,610
Cash from operations:		564,308	1,457,610	1,282,213	846,234	408,594
Tax paid		(52,806)	(183,976)	(163,723)	(24,827)	(48,535)
Interest received		9,650	13,440	6,517	2,208	2,613
Net cash generated from operating activities		521,152	1,287,074	1,125,007	823,615	362,672
Cash Flows Used in Investing Activities						
Property, plant and equipment:						
- purchase		(163,486)	(372,128)	(474,485)	(123,462)	(162,198)
- proceeds from disposal		512	1,219	133	133	88
Intangible assets – software:						
- purchase		(54,482)	(109,578)	(56,424)	(11,355)	(9,629)
Financial assets:						
- purchase		(20,000)	-	-	-	-
- proceeds from disposal		-	10,000	-	-	10,000
Advances to immediate holding company		-	-	(1,500,000)	-	-
Advances to former holding company		(175,000)	-	-	-	-
Dividend received – unit trust		1,728	3,051	2,960	1,879	-
Interest received		-	-	50,543	-	1,583
Acquisition of business, net of cash and cash equivalents acquired	36	-	-	(314,192)	(314,192)	-
Net cash used in investing activities		(410,728)	(467,436)	(2,291,465)	(446,997)	(160,156)

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(a) Consolidated Financial Statements (continued)

Consolidated Cash Flow Statements (continued)

	Note	Financial years ended			3 month financial periods ended	
		31.1.2010	31.1.2011	31.1.2012	30.4.2011	30.4.2012
		Audited	Audited	Audited	Unaudited	Audited
		RM'000	RM'000	RM'000	RM'000	RM'000
Cash Flows From Financing Activities						
Interest paid		(59,950)	(55,221)	(124,289)	(17,559)	(2,861)
Proceeds from borrowings		-	-	3,004,591	-	-
Repayment of finance lease liabilities		(15,195)	(20,671)	(37,763)	(7,010)	(10,160)
Redemption of RPS		(476,563)	-	(750,000)	-	-
Dividends paid		(145,473)	(405,872)	(1,045,795)	(393,832)	(188,646)
Net cash (used in)/generated from financing activities		(697,181)	(481,764)	1,046,744	(418,401)	(201,667)
Net (decrease)/increase in cash and cash equivalents		(586,757)	337,874	(119,714)	(41,783)	849
Effects of foreign exchange rate changes		3,500	(95)	(420)	(25)	55
Cash and cash equivalents at beginning of the financial year/period		843,814	260,557	598,336	598,336	478,202
Cash and cash equivalents at end of the financial year/period	22	260,557	598,336	478,202	556,528	479,106

The consolidated Group comparatives for the financial years ended 31 January 2010, 31 January 2011 and period from 1 February 2011 to 14 February 2011 represents the cash flows of MEASAT Broadcast Network Systems Sdn Bhd ("MBNS") and its subsidiary, MEASAT Digicast Sdn Bhd ("MDIG"). Please refer to Section II Note 2 for the basis of preparation.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements

5 Revenue

Revenue comprises the invoiced value for the sale of goods and services net of service taxes, rebates and discounts.

	Financial years ended			3 month financial periods ended	
	31.1.2010	31.1.2011	31.1.2012	30.4.2011	30.4.2012
	Audited	Audited	Audited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000	RM'000
Subscription	2,788,685	3,072,090	3,273,098	779,579	868,642
Advertising airtime sales:					
- barter	5,148	1,927	5,186	1,818	710
- non-barter	137,883	214,493	410,187	62,240	90,423
Provision of programme broadcast rights	16,813	59,195	29,367	3,765	6,677
Interactive services	4,926	5,997	58,981	7,290	9,946
Magazine advertising sales	-	-	14,532	1,158	3,065
Others	12,582	24,556	55,326	10,392	6,565
	2,966,037	3,378,258	3,846,677	866,242	986,028

Others comprise sales of set-top boxes, production service revenue, management fees, talent revenue, activation fee and income from rental of building.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

6 Profit before tax

(a) The following items have been expensed off in arriving at profit before tax (excluding finance costs and finance income):

	Financial years ended			3 month financial periods ended	
	31.1.2010	31.1.2011	31.1.2012	30.4.2011	30.4.2012
	Audited	Audited	Audited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000	RM'000
Amortisation:					
- programme rights	98,733	191,855	286,812	41,258	70,590
- software	30,001	46,316	82,316	18,681	19,476
Depreciation:					
- property, plant and equipment	118,465	222,115	336,325	73,129	104,461
Impairment:					
- software	6,793	8,021	-	-	-
- inventories	-	-	-	62	-
Property, plant and equipment written off	7,409	-	2,071	-	252
Inventories written off	2,138	112	1,093	-	-
Inventories written down	-	-	5,383	-	-
Auditors' remuneration:					
- audit	287	306	1,172	-	845
- non-audit and audit related	-	-	688	240	-
Rental:					
- buildings	13,210	18,898	19,748	4,245	4,314
- equipment	5,258	15,975	3,226	960	1,897
- land	1,474	2,300	2,300	575	575
- storage	-	-	5,627	1,199	2,470
Impairment of receivables/ bad debts written off	51,087	65,297	50,342	13,325	18,452
Unrealised foreign exchange losses (net)	2,836	-	9,872	-	6,245
Programme provider fees	907,195	961,648	835,376	243,386	221,031
Cost of set-top boxes	335,715	115,833	84,016	13,105	22,533
Professional, consultancy and other related expenses	22,955	39,399	99,531	19,480	20,941
Corporate responsibility programme costs	10,208	18,745	10,223	1,449	1,880
Maintenance expenses	36,782	52,139	65,020	9,257	14,309
Insurance	13,965	12,681	14,238	3,363	3,071
Loss on disposal of property, plant and equipment	-	-	148	-	-

Included in Cost of Sales are programme provider fees, costs of set-top boxes, staff related costs (Note 7), amortisation of programme rights, attributable portion of depreciation of property, plant and equipment, and other direct expenses.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

6 Profit before tax (continued)

(b) The following amounts have been credited in arriving at profit before tax (excluding finance costs and finance income):

	Financial years ended			3 month financial periods ended	
	31.1.2010	31.1.2011	31.1.2012	30.4.2011	30.4.2012
	Audited	Audited	Audited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	(1,345)	-	-	-	-
Write back of impairment of receivables (net)	-	(3,699)	(7,553)	-	-
Realised foreign exchange gains (net)	-	(2,616)	(15,269)	(465)	(2,078)
Unrealised foreign exchange gains (net)	-	(28,993)	-	(9,733)	-
Gain on disposal of property, plant and equipment	(473)	(2,061)	-	(86)	(16)
Inventories written back	-	-	-	-	(60)
Rental income:					
- land and building	(6,257)	(6,231)	-	(1,222)	-

7 Staff costs

	Financial years ended			3 month financial periods ended	
	31.1.2010	31.1.2011	31.1.2012	30.4.2011	30.4.2012
	Audited	Audited	Audited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000	RM'000
Wages and salaries	163,824	179,066	351,365	62,560	88,895
Employee benefits-in-kind	9,604	8,916	14,277	3,440	3,461
Social security cost	1,577	1,536	2,150	451	623
Defined contribution plans	27,891	26,982	47,557	9,383	13,224
Staff welfare and allowances	4,208	11,932	15,049	3,774	3,502
Share-based payment	5,745	-	-	-	-

The Group contributes to the Employees Provident Fund, the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

8 Finance income and finance costs

	Financial years ended			3 month financial periods ended	
	31.1.2010	31.1.2011	31.1.2012	30.4.2011	30.4.2012
	Audited	Audited	Audited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000	RM'000
(a) Finance income:					
Interest income	10,773	12,913	62,530	2,208	22,335
Dividend income – unit trust	1,728	3,051	2,960	1,879	-
Realised foreign exchange gains (net)	-	-	2,816	-	576
Unrealised foreign exchange gains (net)	50,789	98,244	-	23,029	-
	63,290	114,208	68,306	27,116	22,911
(b) Finance costs:					
Interest expense:					
- Bank borrowings	-	-	79,181	-	30,907
- Finance lease liabilities	56,971	66,110	59,201	14,976	14,993
- Vendor financing	11,380	8,584	7,528	1,549	3,098
- Advances from ultimate holding company	-	-	2,349	780	828
- Others	-	-	1,685	338	299
	68,351	74,694	149,944	17,643	50,125
Debt service and other finanee costs	402	560	5,440	-	5,053
Realised foreign exchange (gains)/losses (net)	(2,177)	5,204	-	92	-
Unrealised foreign exehange losses (net)	-	-	10,214	-	972
Fair value loss on derivative recycled to ineome statement	-	9,176	25,840	1,954	13,088
	66,576	89,634	191,438	19,689	69,238

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

9 Tax expense

	Financial years ended			3 month financial periods ended	
	31.1.2010	31.1.2011	31.1.2012	30.4.2011	30.4.2012
	Audited	Audited	Audited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000	RM'000
Current tax:					
- Malaysian income tax	59,010	174,252	249,546	59,847	54,261
- Over accrual in prior years/periods	-	(1,609)	(2,230)	-	-
	59,010	172,643	247,316	59,847	54,261
Deferred tax (Note 26)	115,536	87,005	(12,070)	7,863	(5,725)
	174,546	259,648	235,246	67,710	48,536

The reconciliation between tax expense and accounting profit multiplied by the Malaysian corporate tax rate is as follows:

	Financial years ended			3 month financial periods ended	
	31.1.2010	31.1.2011	31.1.2012	30.4.2011	30.4.2012
	Audited	Audited	Audited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before tax	676,095	1,007,778	869,436	266,137	171,901
Tax at the Malaysian corporate tax rate of 25%	169,024	251,945	217,359	66,534	42,975
Share of post tax results from investments accounted for using the equity method	-	-	(1,048)	(233)	(122)
Expenses not deductible for tax purposes	5,522	5,211	17,594	2,580	5,815
Income not subject to tax	-	(872)	(5,469)	(1,350)	(251)
Over accrual in prior years/periods	-	(1,609)	(2,230)	-	-
Unrecognised deferred tax assets	-	4,973	9,040	179	119
Tax expense	174,546	259,648	235,246	67,710	48,536

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

10 Earnings per ordinary share

The calculation of basic earnings per ordinary share for the year ended 31 January 2010, 31 January 2011, 31 January 2012 and financial period ended 30 April 2012 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding.

The calculation of diluted earnings per ordinary shares for the year ended 31 January 2010, 31 January 2011, 31 January 2012 and financial period ended 30 April 2012 was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the financial years/periods:

	Financial years ended			3 month financial periods ended	
	31.1.2010	31.1.2011	31.1.2012	30.4.2011	30.4.2012
	Audited	Audited	Audited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit for the year/period attributable to ordinary shareholders used in the computation of basic/diluted earnings per share	501,549	748,130	629,061	198,097	122,282

Weighted average number of ordinary shares for basic earnings per share computation:

	Financial years ended			3 month financial periods ended	
	31.1.2010	31.1.2011	31.1.2012	30.4.2011	30.4.2012
	Audited	Audited	Audited	Unaudited	Audited
Weighted average number of ordinary shares for basic earnings per share computation* ('000)	98	98	98	98	98
Effects of dilution	-	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share computation* ('000)	98	98	98	98	98
Basic/diluted earnings per ordinary shares (RM)	5,117.8	7,634.0	6,419.0	2,021.4	1,247.8

* The weighted average number of shares takes into account the weighted average effect of changes in ordinary shares issued during the year/period.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

11 Dividends

During the financial years ended 31 January 2010, 31 January 2011 and 31 January 2012 the following dividends were paid:

	31 January 2010 Audited RM'000
Third interim tax exempt dividend of 19.00 sen per share in respect of financial year ended 31 January 2009	48,491
First interim tax exempt dividend of 19.00 sen per share in respect of financial year ended 31 January 2010	48,491
Second interim tax exempt dividend of 19.00 sen per share in respect of financial year ended 31 January 2010	48,491
	145,473

	31 January 2011 Audited RM'000
Third interim tax exempt dividend of 41.53 sen per share in respect of financial year ended 31 January 2010	105,992
First interim tax exempt dividend of RM1.175 per share in respect of financial year ended 31 January 2011	299,880
	405,872

	31 January 2012 Audited RM'000
In respect of the financial year ended 31 January 2011:	
Second interim single-tier dividend of 86.0 sen per share, based on 255,217,142 ordinary shares declared on 7 February 2011 and paid on 28 February 2011 by MBNS	219,487
Third interim single-tier dividend of 48.0 sen per share, based on 260,217,142 ordinary shares declared on 1 April 2011 and paid on 10 June 2011 by MBNS	124,904
	344,391

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

11 Dividends (continued)

During the financial years ended 31 January 2010, 31 January 2011 and 31 January 2012 the following dividends were paid (continued):

	31 January 2012 Audited RM'000
In respect of the financial year ended 31 January 2012:	
First interim single-tier dividend of 84.0 sen per share, based on 260,217,142 ordinary shares declared out of merger relief reserve on 4 April 2011 and paid on 14 April and 3 May 2011 by MBNS	218,582
Dividends declared by MBNS prior to Capital Reorganisation	562,973
First interim single-tier dividend of RM14,998,916 per share, based on 2 ordinary shares declared on 7 June 2011 and paid on 10 June 2011 by the Company	29,998
Second interim single-tier dividend of RM100,000,000 per share, based on 2 ordinary shares declared on 30 June 2011 and paid on 4 July 2011 by the Company	200,000
Third interim single-tier dividend of RM545.105 per share, based on 98,238 ordinary shares declared on 14 November 2011 and paid on 18 November 2011 by the Company	53,550
Fourth interim single-tier dividend of RM1,526.905 per share, based on 98,238 ordinary shares declared and paid on 23 December 2011 by the Company	150,000
Fifth interim single-tier dividend of RM3,406.01 per share, based on 98,238 ordinary shares declared on 31 January 2012 (Note 23)	334,600*
Dividends declared by the Company subsequent to Capital Reorganisation	768,148
	1,331,121

* Included in this amount is a sum of RM49,274,000 which represents non-cash dividend to ANM as settlement of inter-company debts on 31 January 2012.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

11 Dividends (continued)

During the financial period ended 30 April 2011, the following dividends were paid:

	30 April 2011 Unaudited RM'000
In respect of the financial period ended 30 April 2011:	
Second interim single-tier dividend of 86.0 sen per share, based on 255,217,142 ordinary shares declared on 7 February 2011 and paid on 28 February 2011	219,487
Third interim single-tier dividend of 48.0 sen per share, based on 260,217,142 ordinary shares declared on 1 April 2011 and paid on 10 June 2011	124,904
	344,391

Dividends for the financial period ended 30 April 2011 are based on the dividends declared by Measat Broadcast Network Systems Sdn. Bhd. ("MBNS"), the Company's wholly owned subsidiary.

During the financial period ended 30 April 2012, the following dividends were paid:

	30 April 2012 Audited RM'000
In respect of the financial period ended 30 April 2012:	
First interim single-tier dividend of RM2,738.25 per share, based on 98,238 ordinary shares declared on 30 April 2012	269,000

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

12 Property, plant and equipment

At 31 January 2010	+Freehold land RM'000	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 value							
At beginning of financial year	10,586	118,623	565,662	54,513	159,209	17,155	925,748
Additions#	-	-	370,074	26,442	74,412	65,741	536,669
Disposal	-	-	-	(37)	(2)	-	(39)
Transfers between classes/reclassifications to intangible assets (Note 18)	-	-	-	5,584	8,365	(20,062)	(6,113)
Written off	-	-	-	(15)	(7,394)	-	(7,409)
Depreciation charge	-	(4,289)	(60,030)	(15,088)	(39,058)	-	(118,465)
At end of financial year	10,586	114,334	875,706	71,399	195,532	62,834	1,330,391
At 31 January 2010							
Cost	10,586	171,575	1,007,604	215,365	785,571	62,834	2,253,535
Accumulated depreciation	-	(57,241)	(131,898)	(143,966)	(590,039)	-	(923,144)
Net book value	10,586	114,334	875,706	71,399	195,532	62,834	1,330,391

+ The Selangor State Authority's approval is required for any disposal of the land or pledging of the land as collateral or security for the benefit of third parties.

* Assets held under a finance lease liability as disclosed in Note 25(a).

Includes significant non-cash transactions of RM14,081,000 (2011: RM Nil, 2010: RM373,048,000) as disclosed in Note 31.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

12 Property, plant and equipment (continued)

At 31 January 2011	+Freehold land RM'000	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 value							
At beginning of financial year	10,586	114,334	875,706	71,399	195,532	62,834	1,330,391
Additions	-	-	-	22,177	326,530	23,421	372,128
Disposal	-	-	-	(327)	1,170	-	843
De-recognition of a M3 transponder@	-	-	(47,382)	-	-	-	(47,382)
Transfers between classes	-	-	-	3,852	46,810	(50,662)	-
Reclassification to intangible assets (Note 18)	-	-	-	-	-	(6,366)	(6,366)
Depreciation charge	-	(4,289)	(68,045)	(20,624)	(129,157)	-	(222,115)
At end of financial year	10,586	110,045	760,279	76,477	440,885	29,227	1,427,499
At 31 January 2011							
Cost	10,586	171,575	954,297	233,678	1,154,305	29,227	2,553,668
Accumulated depreciation	-	(61,530)	(194,018)	(157,201)	(713,420)	-	(1,126,169)
Net book value	10,586	110,045	760,279	76,477	440,885	29,227	1,427,499

+ The Selangor State Authority's approval is required for any disposal of the land or pledging of the land as collateral or security for the benefit of third parties.

* Assets held under a finance lease liability as disclosed in Note 25(a).

@ In 2011, through an agreement with MEASAT Satellite Systems Sdn. Bhd. ("MSS"), a related party, the Group agreed to release one of the twelve Ku-band transponders on the M3 satellite. The de-recognition is a non-cash transaction as disclosed in Note 31. The corresponding finance lease liability was also de-recognised (Note 25(a)).

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

12 Property, plant and equipment (continued)

At 31 January 2012	+Freehold land RM'000	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 value							
At beginning of financial year	10,586	110,045	760,279	76,477	440,885	29,227	1,427,499
Acquisition of subsidiaries (Note 36)	-	1,199	-	29,546	65,246	575	96,566
Additions	-	684	-	45,210#	395,858	46,814	488,566
Disposal	-	-	-	(12,586)	(110)	(399)	(13,095)
Disposal of subsidiaries (Note 37)	-	-	-	(1,103)	(15)	-	(1,118)
Transfers between classes	-	-	-	10,330	7,071	(17,401)	-
Reclassification to intangible assets (Note 18)	-	-	-	-	-	(5,791)	(5,791)
Written off	-	-	-	(2,066)	(5)	-	(2,071)
Depreciation charge	-	(4,320)	(65,258)	(34,730)	(232,017)	-	(336,325)
At end of financial year	10,586	107,608	695,021	111,078	676,913	53,025	1,654,231
At 31 January 2012							
Cost	10,586	111,503	954,297	319,695	1,668,440	53,025	3,117,546
Accumulated depreciation	-	(3,895)	(259,276)	(208,617)	(991,527)	-	(1,463,315)
Net book value	10,586	107,608	695,021	111,078	676,913	53,025	1,654,231

+ The Selangor State Authority's approval is required for any disposal of the land or pledging of the land as collateral or security for the benefit of third parties.
* Assets held under a finance lease liability as disclosed in Note 25(a).
# Includes significant non-cash transactions of Nil (2012: RM14,081,000, 2011: RM Nil, 2010: RM373,048,000) as disclosed in Note 31.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

12 Property, plant and equipment (continued)

At 30 April 2012	+Freehold land RM'000	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 value							
At beginning of financial period	10,586	107,608	695,021	111,078	676,913	53,025	1,654,231
Additions	-	15	-	1,588	135,228	25,367	162,198
Disposal	-	-	-	(50)	(22)	-	(72)
Transfers between classes	-	-	-	120	-	(120)	-
Reclassification to intangible assets (Note 18)	-	-	-	2,517	-	-	2,517
Written off	-	-	-	(252)	-	-	(252)
Depreciation charge	-	(1,082)	(16,314)	(5,748)	(81,317)	-	(104,461)
At end of financial period	10,586	106,541	678,707	109,253	730,802	78,272	1,714,161
At 30 April 2012							
Cost	10,586	111,517	954,297	308,425	1,793,382	78,272	3,256,479
Accumulated depreciation	-	(4,976)	(275,590)	(199,172)	(1,062,580)	-	(1,542,318)
Net book value	10,586	106,541	678,707	109,253	730,802	78,272	1,714,161

+ The Selangor State Authority's approval is required for any disposal of the land or pledging of the land as collateral or security for the benefit of third parties.
* Assets held under a finance lease liability as disclosed in Note 25(a).

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

13 Investment in subsidiaries

The details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Group's effective interest				Principal activities
		31.1.2010	31.1.2011	31.1.2012	30.4.2012	
		%	%	%	%	
Directly held by the Group						
Astro Group Services Sdn. Bhd. ("AGS")	Malaysia	-	-	100	100	Management services
Astro Brunei Sdn. Bhd. ("ABSB")	Malaysia	-	-	100	100	Investment holding
MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS")	Malaysia	-	-	100	100	Provision of television services
Astro Entertainment Sdn. Bhd. ("AESB")	Malaysia	-	-	100	100	Organising trade related projects, marketing, soliciting and sale of airtime
Astro Shaw Sdn. Bhd. ("ASSB")	Malaysia	-	-	100	100	Production and distribution of films
MBNS Multimedia Technologies Sdn. Bhd. ("MMTSB")	Malaysia	-	-	100	100	Research and development of multimedia related technologies
Astro Productions Sdn. Bhd. ("APSB")	Malaysia	-	-	100	100	Production and distribution of television programmes and rental of building
Astro Digital Sdn. Bhd. * ("ADSB")	Malaysia	-	-	100	100	Investment holding

* The financial statements of this company were audited by a firm other than PricewaterhouseCoopers for the financial year ended 30 June 2010 and financial period ended 31 January 2011.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

13 Investment in subsidiaries (continued)

The details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation	Group's effective interest				Principal activities
		31.1.2010	31.1.2011	31.1.2012	30.4.2012	
		%	%	%	%	
Subsidiaries held by MBNS						
MEASAT Digicast Sdn. Bhd. ("MDIG")	Malaysia	100	100	100	100	Letting of property and its related services. It is inactive beginning 30.4.2011.
MEASAT Radio Communications Sdn. Bhd. ("MRC")	Malaysia	-	-	100	100	Operation of commercial radio broadcasting stations
Astro Radio Sdn. Bhd. ("ARSB") (formerly known as Airtime Management And Programming Sdn. Bhd.)	Malaysia	-	-	100	100	Management of commercial radio broadcasting stations, content and programming provider and provision of multimedia and advertising agency services
Maestra Broadcast Sdn. Bhd. ("MBSB")	Malaysia	-	-	100	100	Operation of commercial radio broadcasting stations
Radio Lebuhraya Sdn. Bhd. ("RLSB")	Malaysia	-	-	100	100	Establish, operate and maintain a radio broadcasting station
Perfect Excellence Waves Sdn. Bhd. ("PEW")	Malaysia	-	-	-*	-*	Operation of a licensed commercial radio station

* The Group exercises control over the operations of PEW through the decisions made by the Board of Directors. The financial results of PEW have been fully recognised in the Group's financial statements from its acquisition date, 22 March 2011 to 30 April 2012. The issued shares of PEW were transferred to MBNS on 15 June 2012 (Note 41(iv)).

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

13 Investment in subsidiaries (continued)

The details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation	Group's effective interest				Principal activities
		31.1.2010	31.1.2011	31.1.2012	30.4.2012	
		%	%	%	%	
Subsidiaries held by ARSB						
DVR Player.Com Sdn. Bhd. ("DVRSB")	Malaysia	-	-	100	100	Provision of radio services via internet
Subsidiaries held by AESB						
Astro Awani Networks Sdn. Bhd. ("AANSB")	Malaysia	-	-	80	80	Provision of news content
Maestro Talent and Management Sdn. Bhd. ("MTAM")	Malaysia	-	-	100	100	Inactive
Astro Arena Sdn. Bhd. ("AASB")	Malaysia	-	-	100	100	Creation and production of Malaysian sports programming and acquisition and packaging of related sports content

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

13 Investment in subsidiaries (continued)

The details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation	Group's effective interest				Principal activities
		31.1.2010	31.1.2011	31.1.2012	30.4.2012	
		%	%	%	%	
Subsidiaries held by ASSB						
Tayangan Unggul Sdn. Bhd. ("TUSB")	Malaysia	-	-	100	100	Film production, acquisition, commissioning and distribution
Nusantara Films Sdn. Bhd. ("NFSB")	Malaysia	-	-	100	100	Production, acquisition, commissioning and distribution of films
Karya Anggun Sdn. Bhd. ("KASB")	Malaysia	-	-	100	100	Film production, acquisition, commissioning and distribution
Subsidiaries held by ADSB						
Astro Publications Sdn. Bhd. ("APUB") (formerly known as MEASAT Publications Sdn. Bhd.)	Malaysia	-	-	100	100	Magazine publication and distribution
Astro Digital 5 Sdn. Bhd. ("AD5SB") (formerly known as Digital Five Sdn. Bhd.)	Malaysia	-	-	100	100	Development and licensing of multimedia and interactive applications

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

14 Investment in associates

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Share of net assets and reserves	-	-	3,762	4,964
Long term advanees and receivables	-	-	35,667	36,287
	-	-	39,429	41,251

The financial information of equity accounted associates are as follows:

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Assets and liabilities				
Current assets	-	-	148,813	155,832
Non-current assets	-	-	33,482	33,388
Total assets	-	-	182,295	189,220
Current liabilities	-	-	27,316	27,307
Non-current liabilities	-	-	150,077	152,663
Total liabilities	-	-	177,393	179,970
Income and expenses				
Income	-	-	34,712	23,066
Expenses	-	-	(20,672)	(22,517)

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

14 Investment in associates (continued)

The Group has not recognised losses related to Kristal-Astro Sdn. Bhd. totalling RM230,000 (2012: RM511,000) and cumulatively RM741,000 (2012: RM 511,000), since the Group has no obligation in respect of these losses.

The details of the associates are as follows:

Name of associates	Country of incorporation	Group's effective interest				Principal activities
		31.1.2010	31.1.2011	31.1.2012	30.4.2012	
		%	%	%	%	
Associates held by ABSB						
Kristal-Astro Sdn. Bhd. *	Brunei	-	-	48.9	48.9	Provision of television services
Associates held by MMTSB						
Advanced Wireless Technologies Sdn. Bhd. ("AWT")	Malaysia	-	-	25	25	Provision of wireless multimedia related services
UMTS (Malaysia) Sdn. Bhd.	Malaysia	-	-	25	25	Provision of wholesale 3G mobile applications and serviees

* The financial statements of this company are audited by a firm other than the auditor of the Company.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

15 Investment in joint ventures

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Share of net assets and reserves	-	-	3,939	3,226
Long term advances and receivables	-	-	4,739	3,116
	-	-	8,678	6,342

The financial information of joint ventures accounted for using equity method are as follows:

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Assets and liabilities				
Current assets	-	-	10,181	10,246
Non-eurrent assets	-	-	9,728	10,678
Total assets	-	-	19,909	20,924
Current liabilities	-	-	13,087	14,073
Non-current liabilities	-	-	4,777	4,777
Total liabilities	-	-	17,864	18,850
Income and expenses				
Income	-	-	18,827	5,225
Expenses	-	-	(19,874)	(5,237)

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

15 Invcstment in joint ventures (continued)

The details of the joint ventures are as follows:

Namc of ioint ventures	Country of incorporation	Group's effective interest				Principal activities
		31.1.2010	31.1.2011	31.1.2012	30.4.2012	
		%	%	%	%	
Joint ventures held by AESB						
Astro Awani Network Ltd.**	Mauritius	-	-	20	20	Inactive
Endemol Malaysia Entertainment Gronp Sdn. Bhd. (formerly known as Endemol South East Asia Sdn. Bhd.) *	Malaysia	-	-	49.99	49.99	Developing, exploiting and producing television programmes and digital formats
Joint ventures held by ASSB						
Nusantara Edaran Filem Sdn. Bhd.	Malaysia	-	-	50	50	Film production, acquisition, commissioning and distribution

* The financial statements of this company are audited by a firm other than the auditor of the Company.
** The financial statements of this company are audited by a member firm of PricewaterhouseCoopers International Limited which is separate and independent legal entities from PricewaterhouseCoopers, Malaysia.

16 Advances to immediate holding company and former holding company

Non-current

The advances to immediate holding company are unsecured. The effective interest rate at the end of the financial period ranges from 4.7% to 5.4% per annum.

On 30 April 2012, the Company redeemed 1,500 RPS of RM0.10 each at a redemption price of RM1,000,000 per RPS for a total amount of RM1,500,000,000 to ANM. The amount payable to the immediate holding company arising from this redemption has been offset against the advances to immediate holding company (Note 28(c)).

Current

The advances to AAAN, the former holding company, are unsecured, repayable on or before the expiry of a 5-year term effective from the date of disbursement or within 7 days of written demand by the Group, and is subject to interest, ranging from 0.88% to 1.02% (2010: 0.84% to 2.42%) per annum. The amount was fully settled during the financial year ended 31 January 2012.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

17 Financial assets

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Held-to-maturity investments				
Non-current asset				
Bonds	10,000	10,000	-	-
Current asset				
Commercial paper	10,000	-	-	-
Bonds	-	-	10,000	-

The investment in Bonds matured on 30 March 2012.

18 Intangible assets

At 31 January 2010	Film library and programme rights	Computer software	Software development	Total
	RM'000	RM'000	RM'000	RM'000
Net book value				
At beginning of financial year	15,930	93,178	45,742	154,850
Additions	95,937	18,759	36,130	150,826
Transfers between classes	-	7,911	(1,798)	6,113
Impairment	-	(293)	(6,500)	(6,793)
Amortisation charge	(98,733)	(30,001)	-	(128,734)
At end of financial year	13,134	89,554	73,574	176,262
At 31 January 2010				
Cost	555,923	234,035	73,574	863,532
Accumulated amortisation	(542,789)	(144,481)	-	(687,270)
Net book value	13,134	89,554	73,574	176,262

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

18 Intangible assets (continued)

At 31 January 2011	Film library and programme rights	Computer software	Software development	Total
	RM'000	RM'000	RM'000	RM'000
Net book value				
At beginning of financial year	13,134	89,554	73,574	176,262
Additions	212,426	95,813	13,766	322,005
Reclassification from property, plant and equipment (Note 12)	-	83,594	(77,228)	6,366
Impairment	-	(8,021)*	-	(8,021)
Amortisation charge	(191,855)	(46,316)	-	(238,171)
At end of financial year	33,705	214,624	10,112	258,441
At 31 January 2011				
Cost	762,400	319,060	10,112	1,091,572
Accumulated amortisation	(728,695)	(104,436)	-	(833,131)
Net book value	33,705	214,624	10,112	258,441

* Arises following upgrading of software during the financial period.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

18 Intangible assets (continued)

At 31 January 2012	Goodwill RM'000	Brand RM'000	Film library and programme rights RM'000	Computer software RM'000	Software development RM'000	Total RM'000
Net book value						
At beginning of financial year	-	-	33,705	214,624	10,112	258,441
Acquisition of subsidiaries (Note 36)	1,086,243	328,000	95,364	10,270	-	1,519,877
Additions	-	-	320,700	23,585	32,839	377,124
Reclassification from property, plant and equipment (Note 12)	-	-	-	13,410	(7,619)	5,791
Written off	-	-	-	(3)	-	(3)
Disposal of a subsidiary (Note 37)	(21,344)	-	-	-	-	(21,344)
Disposals	-	-	(1)	(22)	-	(23)
Amortisation charge	-	-	(286,812)	(82,316)	-	(369,128)
At end of financial year	1,064,899	328,000	162,956	179,548	35,332	1,770,735
At 31 January 2012						
Cost	1,064,899	328,000	1,246,408	390,143	35,332	3,064,782
Accumulated amortisation	-	-	(1,083,452)	(210,595)	-	(1,294,047)
Net book value	1,064,899	328,000	162,956	179,548	35,332	1,770,735

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

18 Intangible assets (continued)

At 30 April 2012	Goodwill RM'000	Brand RM'000	Film library and programme rights RM'000	Computer software RM'000	Software development RM'000	Total RM'000
Net book value						
At beginning of financial period	1,064,899	328,000	162,956	179,548	35,332	1,770,735
Additions	-	-	73,048	1,130	8,499	82,677
Reclassification to property, plant and equipment (Note 12)	-	-	-	978	(3,495)	(2,517)
Amortisation charge	-	-	(70,590)	(19,476)	-	(90,066)
At end of financial period	1,064,899	328,000	165,414	162,180	40,336	1,760,829
At 30 April 2012						
Cost	1,064,899	328,000	1,319,455	389,473	40,336	3,142,163
Accumulated amortisation	-	-	(1,154,041)	(227,293)	-	(1,381,334)
Net book value	1,064,899	328,000	165,414	162,180	40,336	1,760,829

The remaining amortisation period of film library, programme rights and software at the end of the financial years/period ranged from 1 month to 7 years (2012: 1 month to 7 years, 2011: 1 month to 7 years, 2010: 1 month to 7 years).

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

18 Intangible assets (continued)

Brands

Brands relate to the eight FM terrestrial radio stations and additional themed music channels that are broadcast on the ASTRO satellite television platform. These channels include hitz.fm, MY FM, Lite FM, Mix FM, Era FM, Sinar FM, XFresh FM, THR Raaga and THR Gegar. As explained in Note 3.4(d), the useful life of these brands is estimated to be indefinite.

Impairment testing of goodwill and brands

Goodwill arising from business combinations and brands has been allocated to two individual cash-generating units ("CGU") for impairment testing as follows:
- Multi-channel television
- Radio

The carrying amounts of goodwill and brands allocated to each CGU as at 31 January 2012 and 30 April 2012 are as follows:

	Multi-channel television segment RM'000	Radio segment RM'000	Total RM'000
Goodwill	464,387	600,512	1,064,899
Brands	-	328,000	328,000

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets and strategic plan approved by the Board covering a five-year period, assuming the Group continues to have the operating licence. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five-year period are as follows:

As at 31 January 2012 and 30 April 2012	Multi-channel television segment %	Radio segment %
Pre-tax discount rates	11.9	13.7
Terminal growth assumption	3.0	3.0
Compound revenue growth rate in the projection period	12.5	8.0

The calculations of value in use for the CGUs are most sensitive to the following:

Pre-tax discount rates reflect the current market assessment of the risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each CGU, regard has been given to the Malaysian 20-year risk free rate with Malaysia's long term CPI.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

19 Inventories

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
At cost				
Set-top boxes	16,336	9,328	4,071	2,701
Tapes and other materials	4,929	6,035	7,665	12,979
At net realisable value				
Set-top boxes	-	-	1,555	1,555
	21,265	15,363	13,291	17,235

20 Receivables and prepayments

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Non-current				
Prepayments	-	-	134,762	147,733
Current				
Trade receivables	379,955	436,509	556,537	541,409
Impairment of trade receivables (Note 35(a))	(120,205)	(115,100)	(167,026)	(181,228)
	259,750	321,409	389,511	360,181
Other receivables, net of impairment	184,279	116,973	149,265	187,350
Amounts due from former holding company	971	-	-	-
Amounts due from associates	-	-	11	-
Amounts due from related companies, net of impairment	94,487	60,030	28,642	51,059
Amounts due from related parties, net of impairment	82,298	89,195	103,836	82,270
Prepayments	106,726	111,479	126,894	82,593
	728,511	699,086	798,159	763,453

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

20 Receivables and prepayments (continued)

Included in the other receivables, amounts due from related companies and amounts due from related parties are an impairment of RM11,004,000 (2012: RM7,889,000, 2011: RM7,384,000, 2010: RM 6,167,000), RM Nil (2012: RM Nil, 2011: RM54,923,000, 2010: RM 54,923,000) and RM4,484,000 (2012: RM4,201,000, 2011: RM3,968,000, 2010: RM 3,780,000) respectively. The impairment amount recognised in the current financial period was RM3,115,000 (2012: RM505,000, 2011: RM1,217,000, 2010: RM2,757,000) and RM283,000 (2012: RM233,000, 2011: RM188,000, 2010: RM964,000) for other receivables and amounts due from related parties respectively.

Total net receivables were denominated in the following currencies:

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia ("RM")	609,664	556,067	724,013	597,074
United States Dollars ("USD")	111,773	135,721	197,530	299,575
Others	7,074	7,298	11,378	14,537
	728,511	699,086	932,921	911,186

The amounts due from related companies and related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

Credit terms of trade receivables range from payment in advance to 60 days (2012: payment in advance to 60 days, 2011: payment in advance to 60 days, 2010: payment in advance to 60 days) (Note 35(a)).

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers. The Group's historical experience in collection of accounts receivable falls within the recorded allowances.

21 Advances to/(from) ultimate holding company

Advances to/(from) ultimate holding company are unsecured, repayable within the year end and are subject to interest of 5.4% per annum (2012: 4.7% to 5.4% per annum).

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

22 Deposits, cash and bank balances

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Unit trust in cash/money markets	53,733	239,502	-	-
Deposits with licensed banks	144,088	314,770	403,987	365,109
Cash and bank balances	62,736	44,064	74,215	113,997
Cash and cash equivalents	260,557	598,336	478,202	479,106

The currency exposure profile of unit trust, deposits, cash and bank balances is as follows:

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia ("RM")	258,080	597,417	477,988	478,809
United States Dollars ("USD")	2,419	853	213	296
Others	58	66	1	1
	260,557	598,336	478,202	479,106

Investment in unit trust cash/money markets made by the Group can be purchased or liquidated with one day's notice.

Deposits of the Group have an average maturity of 18 days (2012: 21 days, 2011: 59 days, 2010: 13 days).

The effective interest rates per annum on deposits for the Group range from 3.0% to 3.3% (2012: 2.2% to 3.6%, 2011: 2.0% to 3.6%, 2010: 2.0% to 2.4%).

Cash and bank balances include an amount of RM54,196,000 (2012: RM9,494,000, 2011: RM Nil, 2010: RM Nil) under an auto-placement arrangement which earned overnight interest of 3.0% (2012: 1.3%, 2011: Nil, 2010: Nil) per annum.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

23 Payables

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables and accruals *	299,808	346,262	515,190	507,374
Other payables and accruals	295,371	309,632	526,789	533,967
Amounts due to related parties	10,643	51,830	70,310	67,065
Amounts due to related companies	31,563	118,448	25,419	21,099
Amount due to immediate holding company	-	-	285,326	382,686
Amount dne to former holding company	1,420	7,191	-	-
Amount due to former holding company - Interest payable on subordinated advances	41,120	41,120	-	-
Unearned revenne	135,237	139,399	157,626	176,375
	815,162	1,013,882	1,580,660	1,688,566
Non-current				
Trade payables and accruals *	232,784	256,976	323,013	402,237

Credit terms granted by vendors generally range from 0 to 90 days (2012: 0 to 90 days, 2011: 0 to 90 days, 2010: 0 to 90 days). Vendors of set-top boxes and outdoor units have granted extended payment terms of 24 and 36 months ("vendor financing") on Usance Letter of Credit Payable at Sight ("ULCP") and also Promissory Notes ("PN") basis to the Group as set out below:

(i) Interest is charged for ULCP at the USD LIBOR or Ringgit Cost of Fund + margin of between 0.5% and 1.25% (2012: USD LIBOR or Ringgit Cost of Fund + margin of between 0.5% and 1.25%, 2011: USD LIBOR or Ringgit Cost of Fund + margin of between 0.5% and 1.25%, 2010: Ringgit Cost of Fund +0.5%) per annum calculated at 360 or 365 days respectively from delivery date.

(ii) Interest is charged for PN at the USD LIBOR or Ringgit Cost of Fund + margin of between 0.5% and 1.05% (2012: USD LIBOR or Ringgit Cost of Fund + margin of between 0.5% and 1.05%, 2011: USD LIBOR + 0.5%, 2010: Ringgit Cost of Fund + 0.5%) per annum calculated at 360 or 365 days respectively from issuance date.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

23 Payables (continued)

As at 30 April 2012, the Group had a total of RM58,531,000 in undrawn multi-trade facilities to facilitate ULCP issuance as well as RM75,794,000 vendor financing facilities made available by the vendors to enable payments using the PN.

The effective interest rates for the financial period ended 30 April 2012 ranged between 1.2% and 4.6% (2012: 1.0% and 4.6%, 2011: 1.0% and 3.8%, 2010: 1.5% and 6.7%) per annum.

* Included in trade payables is vendor financing of RM535,955,000 (2012: RM464,138,000, 2011: RM365,569,000, 2010: RM347,860,000) comprising current portion of RM133,718,000 (2012: RM182,667,000, 2011: RM144,918,000, 2010: RM191,196,000) and non-current portion of RM402,237,000 (2012: RM281,471,000 2011: RM220,651,000, 2010: RM156,664,000). As at 5 June 2012, an additional RM570,000,000 vendor financing facilities of 36 months tenure was made available to the Group by its set-top boxes and outdoor units suppliers.

The unearned revenue is subscription fees invoiced prior to services being provided.

The amounts due to the related parties, subsidiaries, related companies and the immediate holding company are unsecured, non-interest bearing and have no fixed terms of repayment. The amount due to the immediate holding company relates to dividend payable to ANM. As at 31 January 2012, the dividend payable to ANM is RM285,326,000 (Note 11). The dividend payable will be paid within the financial year ending 31 January 2013.

The currency exposure profile of payables is as follows:

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia ("RM")	759,779	789,572	1,417,201	1,554,526
United States Dollars ("USD")	286,409	474,661	458,716	525,099
Others	1,758	6,625	27,756	11,178
	1,047,946	1,270,858	1,903,673	2,090,803

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

24 Derivative financial instruments

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Assets				
Current				
Forward foreign currency exchange contracts – cash flow hedges	-	-	-	409
	-	-	-	409
Liabilities				
Current				
Forward foreign currency exchange contracts – cash flow hedges	-	1,154	3,627	-
	-	1,154	3,627	-
Non-current				
Interest rate swap	-	-	53,506	42,107
Cross-currency interest rate swap	-	-	48,844	42,181
	-	-	102,350	84,288

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

24 Derivative financial instruments (continued)

Forward foreign currency exchange contracts

Forward foreign currency exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of the Group. Most of the forward foreign currency exchange contracts have maturities of less than one year after the balance sheet date. The notional principal amounts of the outstanding forward foreign currency exchange contracts at 30 April 2012 were USD36,100,000 (2012: USD46,010,000, 2011: USD41,640,000, 2010: USD Nil).

Interest rate swap

Interest rate swap is used to achieve an appropriate mix of fixed and floating interest rate exposure within the Group's policy. The Group entered into interest rate swap with notional principal amounts of RM2,010,000,000 (2012: RM2,010,000,000) to hedge the cash flow risk in relation to the floating interest rate of a bank loan, as disclosed in Note 25. The interest rate swap was entered into for a period of 2 years and 10 years and had an average fixed swap rate of 4.01% (2012: 4.01%).

Cross-currency interest rate swap

To mitigate financial risks arising from adverse fluctuations in interest and exchange rates, the Company has entered into cross-currency interest rate swap with notional principal amounts of USD330,000,000 (2012: USD330,000,000) in the financial year ended 31 January 2012. The cross-currency interest rate swap was entered into for a period of 10 years and had an average fixed swap rate and exchange rate of 4.19% (2012: 4.19%) (inclusive of interest margin of 1%) and USD/RM3.0189 (2012: USD/RM3.0189) respectively.

The maturity profiles of the derivative financial instruments are disclosed in Note 35(b) to the financial statements.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

25 Borrowings

				As at	As at
		31.1.2010	31.1.2011	31.1.2012	30.4.2012
		Audited	Audited	Audited	Audited
	Note	RM'000	RM'000	RM'000	RM'000
Unsecured:					
Current					
Finance lease liabilities	(a)	24,702	32,444	43,484	33,551
Non-current					
Finance lease liabilities	(a)	905,871	731,526	695,956	686,120
Term loans:					
- RM Term Loan	(b)	-	-	2,010,000	2,010,000
- USD Term Loan – USD330 million	(b)	-	-	1,003,530	1,005,510
		-	-	3,013,530	3,015,510
Less: Debt issuance costs		-	-	(43,039)	(41,644)
Term loans, net of debt issuance costs		-	-	2,970,491	2,973,866
		905,871	731,526	3,666,447	3,659,986
		930,573	763,970	3,709,931	3,693,537

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

25 Borrowings (continued)

The borrowings in relation to the lease of transponder capacity as disclosed in Note (a) below are denominated in USD.

(a) Finance lease liabilities

Included in finance lease liabilities for the financial period ended 30 April 2012 was a total amount of RM709,243,000 (2012: 728,360,000, 2011: RM762,914,000, 2010: RM928,527,000) payable to MEASAT Satellite Systems Sdn. Bhd. ("MSS"), a related party comprising RM488,100,000 (2012: RM505,099,000, 2011: RM536,971,000, 2010: RM664,989,000) and RM221,143,000 (2012: RM223,261,000, 2011: RM225,943,000, 2010: RM263,538,000), for the lease of Ku-band transponders on MEASAT 3 ("M3") and MEASAT 3a ("M3a") respectively. The effective interest rate of the finance lease at the end of the financial period is 6.2% (2012: 6.2%, 2011: 6.2%, 2010: 6.2%) and 12.5% (2012: 12.5%, 2011: 12.5%, 2010: 12.5%) per annum for M3 and M3a respectively.

On 30 September 2010, MBNS and MSS agreed for the release of 1 of the 12 Ku-band transponders on M3 satellite. As a result of the release, the finance lease liability of RM44,962,000 and the asset of RM47,382,000 had been de-recognised as disclosed in Note 12 to the financial statements.

The following is a summary of the minimum lease payments:

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Lease rental obligation				
Minimum lease payments:				
- Not later than 1 year	77,839	91,343	99,832	75,537
- Later than 1 year and not later than 2 years	105,707	97,035	100,764	101,110
- Later than 2 years and not later than 5 years	350,540	304,828	316,428	318,086
- Later than 5 years	978,289	724,174	616,094	590,713
	1,512,375	1,217,380	1,133,118	1,085,446
Future finanee charges	(581,802)	(453,410)	(393,678)	(365,775)
Present value of finance leasc obligations	930,573	763,970	739,440	719,671

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

25 Borrowings (continued)

(b) Term loans (unsecured and interest bearing)

Pursuant to the Reorganisation, the Group had on 12 May 2011 obtained financing to facilitate completion of the Reorganisation. The financing comprises the following tranches:

(i) Ringgit term loan of RM2,010 million ("2B") and RM1,000 million ("1B") (collectively "RM Term Loan Facilities"); and

(ii) US Dollar ("USD") term loan of USD330 million ("USD Term Loan Facilities")

The 2B tranche and the USD Term Loan Facilities, each with a 10-year tenor maturing on 19 May 2021 and 8 June 2021 respectively were fully drawn down on 10 June 2011 for working capital purposes and to finance the completion of the Reorganisation. As at 30 April 2012, the 1B tranche has yet to be drawn down and the initial drawdown date has been further extended to the end of availability period to 18 May 2012 ("Fourth Extended Date"). On 9 May 2012, the Company had submitted the following request for:

- A further six months extension of the availability period to 16 November 2012 ("Extended AP");
- The first drawdown date to occur anytime during this Extended AP; and
- The upfront fee of 1.6% flat on the commitment amount to be payable in proportion with the drawdown amount instead of in full upon initial drawdown.

The amounts drawn down under the RM and USD Term Loan Facilities had been fully hedged as at 30 April 2012. The floating KLIBOR under the 2B RM Term Loan Facilities had been swapped into a fixed instrument at an average fixed rate of 4.01% (2012: 4.01%) and the USD Term Loan Facilities had been swapped into Ringgit at an average exchange and fixed interest rates of USD/RM3.0189 and 4.19% (2012: USD/RM3.0189 and 4.19%) (inclusive of interest margin of 1%). The applicable interest margins under both the RM and USD term loan facilities vary from 1.0% to 1.75% based on a net debt to adjusted EBITDA ratio (as defined in the facilities agreements) of less than 2.0 times to greater than 4.0 times.

On 18 May 2012, RM500,000,000 was drawn down from the 1B tranche with upfront fee paid proportionately instead of in full. On 5 July 2012, the Company secured the Extended AP.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

25 Borrowings (continued)

(b) Term loans (unsecured and interest bearing) (continued)

The following is a summary of the repayment terms:

	As at			As at
	31.1.2010 Audited RM'000	31.1.2011 Audited RM'000	31.1.2012 Audited RM'000	30.4.2012 Audited RM'000
Term loans repayments (including finance charges):				
- Not later than 1 year*	-	-	137,484	137,539
- Later than 1 year and not later than 2 years	-	-	296,281	296,439
- Later than 2 years and not later than 5 years	-	-	1,482,066	1,482,989
- Later than 5 years	-	-	2,081,647	2,081,992
	-	-	3,997,478	3,998,959
Future finance charges	-	-	(983,948)	(983,449)
Present value of term loans	-	-	3,013,530	3,015,510

* Comprise interest portion only.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

26 Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheets:

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Subject to income tax:				
Deferred tax assets/(liabilities)	4,468	(82,537)	(153,690)	(147,965)
At beginning of financial year/period	120,004	4,468	(82,537)	(153,690)
(Charged)/credited to income statement (Note 9):				
- Provisions and accruals	102	5,932	3,809	(13,824)
- Tax losses	(103,800)	-	5,884	(75)
- Property, plant and equipment	4,016	(52,681)	(13,244)	11,528
- Intangible assets	(18,006)	(33,551)	4,344	3,803
- Impairment of receivables	2,152	(925)	11,277	4,293
- Capital allowance	-	(5,780)	-	-
	(115,536)	(87,005)	12,070	5,725
Other movement:				
Acquisition of subsidiaries (Note 36)	-	-	(83,223)*	-
At end of financial year/period	4,468	(82,537)	(153,690)	(147,965)
Subject to income tax:				
Deferred tax assets (before offsetting):				
- Provisions and accruals	12,582	18,514	22,323	8,499
- Tax losses	-	-	5,884	5,809
- Property, plant and equipment	5,780	-	133	136
- Impairment of receivables	32,538	31,613	42,890	47,183
	50,900	50,127	71,230	61,627
Offsetting	(45,120)	(50,127)	(71,230)	(61,627)
Deferred tax assets (after offsetting)	5,780	-	-	-

* Comprise deferred tax liabilities and deferred tax assets of RM83,276,000 and RM53,000 respectively.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

26 Deferred tax assets/(liabilities) (continued)

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities (before offsetting):				
- Property, plant and equipment	(24,486)	(77,167)	(91,768)	(80,243)
- Intangible assets	(21,946)	(55,497)	(133,152)	(129,349)
	(46,432)	(132,664)	(224,920)	(209,592)
Offsetting	45,120	50,127	71,230	61,627
Deferred tax liabilities (after offsetting)	(1,312)	(82,537)	(153,690)	(147,965)

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Tax losses carried forward	-	-	267,764	272,762
Capital allowances carried forward	-	20,501	37,168	38,168
Other temporary differences carried forward	-	-	22,652	17,129
Unabsorbed investment tax allowances	-	-	25,613	25,613
	-	20,501	353,197	353,672

The benefits of unutilised tax losses, capital allowances, other temporary differences and investment tax allowances can be carried forward indefinitely and will be obtained when the relevant subsidiaries derive future assessable income of a nature and of an amount sufficient for these carried forward tax losses, capital allowances, other temporary differences and investment tax allowances to be utilised respectively.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

27 Share capital

	31.1.2010# Audited RM'000	31.1.2011# Audited RM'000	As at 31.1.2012 Audited RM'000	As at 30.4.2012 Audited RM'000
Authorised – Company:				
Ordinary shares of RM1.00 each				
At beginning and end of financial year/period				
- 100,000 ordinary shares	100	100	100	100
RPS of RM0.10 each				
Created during the financial year/period				
- 10,000 RPS	1	1	1	1
	101	101	101	101
Issued and fully paid up – Company:				
Ordinary shares of RM1.00 each				
At date of incorporation/opening				
- 2 ordinary shares	-	-	-+	98
Issued during the financial year/period as part of capital reorganisation				
- 98,236 ordinary shares	98	98	98	-
	98	98	98	98
RPS of RM0.10 each (included in Note 28(a))				
At the beginning of the financial year/period	-	-	-	1
Issued during the financial year/period as part of capital reorganisation				
- 6,700 RPS	1%	1%	1%	-
Redemption during the financial year/period				
- 1,500 RPS	-	-	-	(-)^
	1%	1%	1%	1

\+ *Denotes RM2*
% *Denotes RM670*
^ *Denotes RM150*
\# *Pursuant to the basis of preparation disclosed in Note 2 of Section II, the share capital disclosed in the consolidated financial statements, including comparatives, is the legal structure of the Company. The ordinary shares and RPS of the Company issued on completion of the capital reorganisation as part of the Reorganisation are included at the comparative dates.*

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

27 Share capital (continued)

The salient terms relating to the issuance of RPS of the Company are disclosed in Note 28(a) to the financial statements.

As part of Reorganisation, the Company recapitalised its debts owing to AHSB to offset an amount of RM6,798,235,328 arising from the Company's acquisition of the entire issued and paid-up share capital of MBNS, ASSB, AGS and MMTSB. The recapitalisation exercise entails subscription by ANM of 98,235 ordinary shares of RM1.00 each issued at RM1,000 per share, 1 ordinary share of RM1.00 issued at RM328 and 6,700 redeemable preference shares of RM0.10 each issued at RM1,000,000 per RPS in the Company (Note 28), consequently resulting in the creation of a share premium account of RM6,798,136,422.

MBNS had on 24 March 2011 issued and allotted 75 Class B Redeemable Preference Shares of RM0.10 each ("RPS") via bonus issue to AAAN. Subsequently on 10 June 2011, MBNS redeemed the entire 75 Class B RPS from AAAN at a total cash redemption amount of RM750,000,000. The salient terms relating to the issuance of RPS of MBNS are disclosed in Note 28(b).

28 Redeemable preference shares ("RPS")

(a) 6,700 RPS of RM0.10 each

On 5 April 2011 and 30 September 2011, as part of AHSB Group Restructuring, the Company issued 6,700 RPS of RM0.10 each at RM1,000,000 per RPS to ANM. The salient terms relating to the issuance of RPS of the Company are as follows:

(i) The holders of the RPS shall be entitled to receive dividends at such rate as declared by the Board of Directors at their discretion having regard to the working capital needs of the Company and any restrictive covenants binding on it prior to any payment of dividends on ordinary shares.

(ii) On a return of capital on winding up, the holders of RPS shall have preference over holders of any other shares in the capital of the Company, for an amount equal to the amount paid plus any arrears of declared or accrued but unpaid dividends.

(iii) The Company shall redeem, at the discretion of the Company, the RPS by paying in cash an amount equal to RM1,000,000 per share of the RPS plus any declared but unpaid dividends.

(iv) The Company shall redeem, at the discretion of the Company, giving to the holders of the RPS not less than three (3) days' notice.

(v) The holders of the RPS shall not have the right to vote with the holders of ordinary shares except as provided under Section 148 (2) of the Act.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

28 Redeemable preference shares (continued)

(b) 75 Class B RPS of RM0.10 each

On 24 March 2011, as part of AHSB group restructuring, MBNS issued and allotted 75 Class B RPS of RM0.10 each to AAAN. The salient terms relating to the issuance of Class B RPS of MBNS are as follows:

(i) The holders of the Class B RPS shall be entitled to receive dividends at such rate as declared by the Board of Directors at their discretion having regard to the working capital needs of MBNS and any restrictive covenants binding on it prior to any payment of dividends on ordinary shares.

(ii) The holders of the Class B RPS shall have preference upon liquidation over all holders of ordinary shares for an amount equal to the amount paid plus any declared or accrued but unpaid dividends.

(iii) MBNS may by giving thirty (30) days notice redeem the Class B RPS by paying in cash an amount equal to RM10,000,000 per share of the Class B RPS plus any undeclared but unpaid dividends.

(iv) The holders of the Class B RPS shall not have the right to vote with the holders of ordinary shares except as provided under Section 148 (2) of the Companies Act, 1965.

On 10 June 2011, MBNS redeemed all of its 75 Class B RPS of RM0.10 each in MBNS for a total redemption amount of RM750,000,000.

(c) 1,500 RPS of RM0.10 each

On 30 April 2012, the Company redeemed 1,500 RPS of RM0.10 each at a redemption price of RM1,000,000 per RPS for a total amount of RM1,500,000,000. The total nominal value of RM150 was redeemed out of profits available for dividends and the total premium payable amounting to RM1,499,999,850 was provided out of the share premium account. The redemption created a capital redemption reserve of RM150 which was based on the par value of the RPS redeemed. The amount payable to the immediate holding company has been offset against the advances to immediate holding company.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

29 Capital reorganisation reserve

As part of Reorganisation, the Company acquired the entire issued and paid up share capital of MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS") comprising 260,217,142 ordinary shares of RM1.00 each and 10,000 Class A Redeemable Preference Shares of RM1.00 each for a total consideration of RM6,795,540,152 on 5 April 2011. The acquisition was accounted for as a capital reorganisation of MBNS.

The difference between the total consideration by the Company and the net assets of MBNS acquired has been taken to capital reorganisation reserve.

30 Hedging reserve

This represents changes in the fair value of the hedging instrument, represented by the interest rate swap and the cross currency interest rate swap which the Company entered into during the financial year ended 31 January 2012, and which is deferred in the hedge reserve until the hedged item affects the income statements (Note 24).

31 Non-cash transactions

The principal non-cash transactions during the financial year/period for the Group are as follows:

(a) Pursuant to Reorganisation, ANM subscribed for RPS in the Company of 98,235 ordinary shares each issued at RM1,000 per share, 1 ordinary share of RM1.00 issued at RM328, and 6,700 redeemable preference shares of RM0.10 each ("RPS") issued at RM1,000,000 per RPS. The subscription money payable to the Company was set off by the assumption by ANM of the Company's debt owing to AAAN of RM6,798,235,328.

(b) Advertising airtime sales in exchange for consumable items of RM710,000 (2012: RM5,186,000, 2011: RM1,927,000, 2010: RM5,148,000) and subsequent settlement of liabilities using these consumable items.

(c) Acquisition of property, plant and equipment by means of finance lease of RM Nil (2012: RM14,081,000, 2011: RM Nil, 2010: RM373,048,000).

(d) De-recognition of lease liabilities in the financial year ended 31 January 2011 of RM47,382,000 (2010: RM Nil) in relation to the release of 1 of the 12 Ku-band transponders on the M3 satellite.

(e) Acquisition of Radio group of companies by means of the issuance and allotment of 5,000,000 new ordinary shares of RM1.00 each by MBNS to AAAN at an issue price of RM850,000,000 (Note 38(l)(ii) and Note 36).

(f) On 30 April 2012, the Company redeemed 1,500 RPS of RM0.10 each at a redemption price of RM1,000,000 per RPS for a total amount of RM1,500,000,000. The total nominal value of RM150 was redeemed out of profits available for dividends and the total premium payable amounting to RM1,499,999,850 was provided out of the share premium account. The redemption created a capital redemption reserve of RM150 which was based on the par value of the RPS redeemed. The amount payable to the immediate holding company has been offset against the advances to immediate holding company.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

32 Capital commitments

(a) Capital commitments for property, plant and equipment not provided for in the financial statements are as follows:

	As at 31.1.2010 Audited RM'000	31.1.2011 Audited RM'000	31.1.2012 Audited RM'000	As at 30.4.2012 Audited RM'000
Approved and contracted for	151,338	76,200	105,021	137,410
Approved but not contracted for	295,208	354,721	1,956,998	2,224,953
	446,546	430,921	2,062,019	2,362,363

Included in the approved but not contracted for commitments as at 30 April 2012 is satellite transponders of RM1,639,286,000 (2012: RM1,636,058,000).

(b) Programming commitments for film library and programme rights not provided for in the financial statements are as follows:

	As at 31.1.2010 Audited RM'000	31.1.2011 Audited RM'000	31.1.2012 Audited RM'000	As at 30.4.2012 Audited RM'000
Approved and contracted for	48,175	197,860	841,133	978,437
Approved but not contracted for	206,525	404,307	226,210	409,327
	254,700	602,167	1,067,343	1,387,764

(c) Commitments for software not provided for in the financial statements are as follows:

	As at 31.1.2010 Audited RM'000	31.1.2011 Audited RM'000	31.1.2012 Audited RM'000	As at 30.4.2012 Audited RM'000
Approved and contracted for	1,158	69,739	62,089	63,993
Approved but not contracted for	7,640	49,064	40,458	41,541
	8,798	118,803	102,547	105,534

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

33 Non-cancellable operating lease commitments

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Payable within 1 year	9,580	11,054	12,958	13,203
Payable between 1 and 5 years	5,895	5,895	5,895	5,895
Payable after 5 years	6,632	5,158	3,684	3,316
	22,107	22,107	22,537	22,414

The commitment disclosed above mainly relates to a 30-year agreement, with the option to extend for another 30 years, to lease the land underlying the All Asia Broadcast Centre which commenced in 1995.

34 Significant related party disclosures

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

Khazanah Nasional Berhad ("KNB") is a substantial shareholder of the ultimate holding company.

The Directors regard Astro Holdings Sdn. Bhd. ("AHSB") and Astro Networks (Malaysia) Sdn. Bhd. ("ANM"), both companies incorporated in Malaysia, as the Company's ultimate and immediate holding companies respectively.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions described below were carried out on mutually agreed terms, conditions and prices.

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

34 Significant related party disclosures (continued)

The significant related parties, with whom the Group transact with, include the following companies:

Related Companies	Relationship
Kristal-Astro Sdn. Bhd.	Associate of a subsidiary of the Company
Celestial Movie Channel Limited	Associate of ultimate holding company
Celestial Enterprises Limited	Subsidiary of ultimate holding company
Goal TV Asia Limited	Subsidiary of ultimate holding company
All Asia Multimedia Networks FZ-LLC	Subsidiary of ultimate holding company
Astro All Asia Entertainment Networks Limited	Subsidiary of ultimate holding company
Astro Awani Network Ltd.	Subsidiary of ultimate holding company
AETN All Asia Networks Pte. Ltd.	Jointly controlled entity of ultimate holding company
Astro All Asia Networks Limited ("AAAN")	Subsidiary of ultimate holding company and former holding company
Astro Radio Sdn. Bhd. ("ARSB") (formerly known as Airtime Management And Programming Sdn. Bhd.)	Subsidiary of MBNS
Astro Productions Sdn. Bhd. ("APSB")	Subsidiary of the Company
Astro Entertainment Sdn. Bhd. ("AESB")	Subsidiary of the Company
Astro Arena Sdn. Bhd. ("AASB")	Subsidiary of AESB
Astro Publications Sdn. Bhd. ("APUB") (formerly known as MEASAT Publications Sdn. Bhd.)	Subsidiary of the Company
Astro Digital 5 Sdn. Bhd. ("AD5SB") (formerly known as Digital Five Sdn. Bhd.)	Subsidiary of the Company
Astro Shaw Sdn. Bhd. ("ASSB")	Subsidiary of the Company
Tayangan Unggul Sdn. Bhd. ("TUSB")	Subsidiary of ASSB
Astro Group Services Sdn. Bhd. ("AGS")	Subsidiary of the Company
Maestra Broadcast Sdn. Bhd. ("MBSB")	Subsidiary of MBNS
MEASAT Radio Communications Sdn. Bhd. ("MRC")	Subsidiary of MBNS

Related Parties	Relationship
Maxis Broadband Sdn. Bhd.	Subsidiary of Maxis
Maxis Mobile Services Sdn. Bhd.	Subsidiary of Maxis
Maxis Mobile Sdn. Bhd.	Subsidiary of Maxis
SRG Asia Pacific Sdn. Bhd.	Subsidiary of UTSB
UTSB Management Sdn. Bhd.	Subsidiary of UTSB
UT Projects Sdn. Bhd.	Subsidiary of UTSB
MEASAT Satellite Systems Sdn. Bhd.	Subsidiary of MAI Holdings Sdn. Bhd.
Tune Talk Sdn. Bhd.	Associate of an investee company of Khazanah Nasional Berhad
Telekom Malaysia Berhad	Investee company of Khazanah Nasional Berhad
Tenaga Nasional Berhad	Investee company of Khazanah Nasional Berhad
Saudi Bells Telecom Company LL	Subsidiary of a person connected to UTSB

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

34 Significant related party disclosures (continued)

(a) Sales of goods and services

	Financial years ended			3 month financial periods ended	
	31.1.2010	31.1.2011	31.1.2012	30.4.2011	30.4.2012
	Audited	Audited	Audited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000	RM'000
Multimedia and interactive sales to:					
Maxis Mobile Services Sdn. Bhd.	2,262	4,462	20,833	183	4,098
Saudi Bells Telecom Company LL	-	-	2,756	-	889
Programme rights sales to:					
Kristal-Astro Sdn. Bhd.	14,440	12,484	11,999	2,350	3,371
Technical support services to:					
Kristal-Astro Sdn. Bhd.	5,624	2,114	1,953	404	536
Playout channel services to:					
AETN All Asia Networks Pte. Ltd.	3,411	3,125	2,922	738	744
Smartcard rental to:					
Kristal-Astro Sdn. Bhd.	1,143	566	140	29	69
Subtitling services to:					
AETN All Asia Networks Pte. Ltd.	2,400	1,870	1,766	463	354
Rental of building to:					
Astro Radio Sdn. Bhd.	1,829	1,829	-	305	-
Astro Productions Sdn. Bhd.	3,019	3,019	-	503	-
Astro All Asia Networks Limited	1,160	1,160	-	193	-
Airtime sales to:					
Maxis Mobile Sdn. Bhd.	-	-	2,249	182	1,145
Tune Talk Sdn. Bhd.	-	-	2,489	-	1,024
Interest income on advances from:					
Astro All Asia Networks Limited	1,882	2,500	858	477	-
AHSB	-	-	2,111	-	1,381
ANM	-	-	-	-	18,271

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

34 Significant related party disclosures (continued)

(b) Purchases of goods and services

	Financial years ended			3 month financial periods ended	
	31.1.2010	31.1.2011	31.1.2012	30.4.2011	30.4.2012
	Audited	Audited	Audited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000	RM'000
Management fees from:					
Astro All Asia Networks Limited	29,786	29,447	-	5,721	-
Provision of power and utilities charges from:					
Tenaga Nasional Berhad	7,328	8,136	8,773	1,877	2,230
Personnel, strategic and other consultancy and support services from:					
UTSB Management Sdu. Bhd.	8,696	8,750	17,390	2,758	4,138
UT Projects Sdn. Bhd.	-	323	176	127	14
Marketing aud advertising services from:					
SRG Asia Pacific Sdn. Bhd.	-	-	1,847	-	-
Telecommunication services from:					
Telekom Malaysia Berhad	-	703	13,766	3,249	2,952
Maxis Broadband Sdn. Bhd.	3,676	4,801	6,739	1,497	2,003
Maxis Mobile Sdn. Bhd.	929	223	1,469	295	393
Interaction call center services from:					
Maxis Mobile Sdn. Bhd.	1,041	2,406	851	153	-
SRG Asia Pacific Sdn. Bhd.	3,910	-	-	-	-
Interest expense on advanees to:					
Astro All Asia Networks Limited	-	-	1,085	780	-
AHSB	-	-	1,265	-	828

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

34 Significant rclated party disclosures (continued)

(b) Purchases of goods and services (continued)

	Financial years ended			3 month financial periods ended	
	31.1.2010	31.1.2011	31.1.2012	30.4.2011	30.4.2012
	Audited	Audited	Audited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000	RM'000
Programme broadcast rights from:					
Celestial Movie Channel Limited	14,667	13,287	12,895	3,148	3,350
Goal TV Asia Limited	7,420	6,049	7,708	1,223	-
AETN All Asia Networks Pte. Ltd.	8,503	11,581	11,102	2,741	2,775
All Asia Multimedia Networks FZ-LLC	111,232	-	-	-	-
Celestial Enterprises Limited	6,688	6,970	7,453	1,822	610
Astro Awani Network Ltd.	42,094	42,094	14,008	10,489	-
Astro Entertainment Sdn. Bhd.	73,067	154,133	-	-	-
Astro Arena Sdn. Bhd.	-	44,174	-	-	-
Programmes produetion serviees from:					
Astro Productions Sdn. Bhd.	35,610	55,450	-	14,193	-
Astro Arena Sdn. Bhd.	-	2,182	-	743	-
Expenses related to finance lease:					
MEASAT Satellite Systems Sdn. Bhd.	65,421	75,701	58,455	17,179	16,488
Rental of building from:					
MEASAT Satellite Systems Sdn. Bhd.	2,460	2,481	2,706	676	676
Magazine production and advcrtising from:					
Astro Publications Sdn. Bhd.	14,276	13,848	-	3,334	-
Radio advertising serviees from:					
Astro Radio Sdn. Bhd.	2,415	2,130	-	123	-
Interactive services from:					
Astro Digital 5 Sdn. Bhd.	8,621	91	-	67	-

pwc

III HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONTINUED)

(b) Notes to the Consolidated Financial Statements (continued)

34 Significant related party disclosures (continued)

(c) Year/period end balances arising from significant sales/purchases of goods and services (stated at gross)

			As at	As at
	31.1.2010	31.1.2011	31.1.2012	30.4.2012
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Receivable from related parties*				
Maxis Broadband Sdn. Bhd.	-	-	20,605	119
Maxis Mobile Services Sdn. Bhd.	5,219	9,621	3,332	4,695
MEASAT Satellite Systems Sdn. Bhd.	68,737	70,626	68,850	68,737
Receivable from related companies*				
Kristal-Astro Sdn. Bhd.	3,397	5,006	5,933	3,919
Astro Publications Sdn. Bhd.	65,175	51,974	-	-
Astro Radio Sdn. Bhd.	7,907	4,189	-	-
Astro Digital 5 Sdn. Bhd.	18,874	18,831	-	-
Astro Shaw Sdn. Bhd.	11,082	11,515	-	-
Tayangan Unggul Sdn. Bhd.	16,841	17,089	-	-
All Asia Multimedia Networks FZ-LLC	13,721	-	8,066	7,782
AETN All Asia Networks Pte. Ltd.	2,953	2,159	2,910	2,755
Astro All Asia Entertainment Networks Limited	2,414	-	25	25
Payable to related parties				
UTSB Management Sdn. Bhd.	2,188	10,937	16,141	20,006
Maxis Broadband Sdn. Bhd.	2,132	3,359	8,555	7,074
MEASAT Satellite Systems Sdn. Bhd.	1,799	25,385	27,751	27,751
SRG Asia Pacific Sdn. Bhd.	690	-	18	18
Telekom Malaysia Berhad	428	124	2,141	1,507
Tenaga Nasional Berhad	568	610	780	731