ASTRO MALAYSIA HOLDINGS BERHAD

(932533-V) (Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 JULY 2014

ASTRO MALAYSIA HOLDINGS BERHAD (932533-V)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JULY 2014

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JULY 2014

The Board of Directors of Astro Malaysia Holdings Berhad ("AMH" or "the Company") is pleased to announce the following unaudited condensed consolidated financial statements for the second quarter ended 31 July 2014 which should be read in conjunction with the audited financial statements for the financial year ended 31 January 2014 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

		INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Note	QUARTER ENDED 31/7/2014	QUARTER ENDED 31/7/2013		PERIOD ENDED 31/7/2014	PERIOD ENDED 31/7/2013	
		RM'm	RM'm	%	RM'm	RM'm	%
Revenue		1,349.1	1,188.3	+14	2,603.0	2,314.1	+12
Cost of sales		(904.4)	(746.5)		(1,701.7)	(1,441.8)	
Gross profit		444.7	441.8	+1	901.3	872.3	+3
Other operating income		24.6	9.7		36.3	17.1	
Marketing and distribution costs		(122.6)	(137.2)		(248.9)	(265.1)	
Administrative expenses		(110.9)	(120.1)		(240.6)	(237.9)	
Profit from operations		235.8	194.2	+21	448.1	386.4	+16
Finance income		18.8	24.1		37.8	33.1	
Finance costs		(63.6)	(88.0)		(127.4)	(132.1)	
Share of post-tax results from investments accounted for using the equity method		5.2	1.3		5.9	2.0	
Profit before tax	17	196.2	131.6	+49	364.4	289.4	+26
Tax expense	18	(59.6)	(33.0)		(98.9)	(77.0)	
Profit for the financial period		136.6	98.6	+39	265.5	212.4	+25
Attributable to:							
Equity holders of the Company		137.8	98.9	+39	266.1	213.0	+25
Non-controlling interests		(1.2)	(0.3)		(0.6)	(0.6)	
		136.6	98.6	+39	265.5	212.4	+25
Earnings per share attributable to equity holders of the Company (RM):							
- Basic	26	0.027	0.019		0.051	0.041	
- Diluted	26	0.026	0.019		0.051	0.041	

ASTRO MALAYSIA HOLDINGS BERHAD (932533-V)
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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JULY 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/7/2014	QUARTER ENDED 31/7/2013	PERIOD ENDED 31/7/2014	PERIOD ENDED 31/7/2013
	RM'm	RM'm	RM'm	RM'm
Profit for the financial period	136.6	98.6	265.5	212.4
Other comprehensive (loss)/income:				
Items that will be reclassified subsequently to profit or loss:				
- Net change in cash flow hedge	(11.0)	78.8	(40.8)	54.8
- Net change in available-for-sale financial assets	(0.3)	-	(0.2)	-
Foreign currency translation	(0.1)	-	(0.1)	-
Other comprehensive (loss)/income, net of tax	(11.4)	78.8	(41.1)	54.8
Total comprehensive income for the financial period	125.2	177.4	224.4	267.2
Attributable to:				
Equity holders of the Company	126.4	177.7	225.0	267.8
Non-controlling interests	(1.2)	(0.3)	(0.6)	(0.6)
	125.2	177.4	224.4	267.2

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(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JULY 2014

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	Note	AS AT 31/7/2014 Unaudited RM'm	AS AT 31/1/2014 Audited RM'm
Non-current assets			
Property, plant and equipment		1,956.9	2,157.0
Investments in associates		52.4	44.0
Investments in joint ventures		7.2	13.9
Other investment		49.1	40.8
Receivables and prepayments		189.9	154.6
Deferred tax assets		44.7	49.6
Derivative financial instruments	21	60.3	107.1
Intangible assets		1,899.0	1,870.3
		4,259.5	4,437.3
Current assets			
Inventories		17.3	17.5
Receivables and prepayments		746.4	991.5
Derivative financial instruments	21	4.6	21.8
Investment in unit trusts		44.5	529.3
Tax recoverable		2.5	0.8
Cash and bank balances		1,186.8	1,105.2
		2,002.1	2,666.1
Total assets		6,261.6	7,103.4
Current liabilities			
Payables	22	1,275.5	1,426.3
Derivative financial instruments	21	19.9	4.7
Borrowings	20	380.0	301.7
Tax liabilities		62.2	14.0
		1,737.6	1,746.7
Net current assets		264.5	919.4

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET (continued)

	Note	AS AT 31/7/2014 Unaudited RM'm	AS AT 31/1/2014 Audited RM'm
Non-current liabilities			
Payables	22	675.8	1,249.2
Derivative financial instruments	21	7.7	7.6
Borrowings	20	3,148.3	3,361.8
Deferred tax liabilities		93.7	121.1
		3,925.5	4,739.7
Total liabilities		5,663.1	6,486.4
Net assets		598.5	617.0
Capital and reserves attributable to equity holders of the Company			
Share capital		519.8	519.8
Share premium		6,165.4	6,165.4
Exchange reserve		(0.1)	0.0[$]
Capital redemption reserve		0.0[@]	0.0[@]
Capital reorganisation reserve		(5,470.2)	(5,470.2)
Hedging reserve		(13.0)	27.8
Fair value reserve		0.0[^]	0.2
Share scheme reserve		24.9	16.9
Accumulated losses		(653.8)	(647.0)
		573.0	612.9
Non-controlling interests		25.5	4.1
Total equity		598.5	617.0

^ Denotes RM9,000

$ Denotes RM27,000

@ Denotes RM677.50

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JULY 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company											
Period ended 31/7/2014	Share capital	Share premium	Exchange reserve	Capital redemption reserve	Capital reorganisation reserve	Hedging reserve	Fair value reserve	Share scheme reserve	Accumulated losses	Total	Non-controlling interests	Total
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
At 1/2/2014	519.8	6,165.4	0.0$	0.0@	(5,470.2)	27.8	0.2	16.9	(647.0)	612.9	4.1	617.0
Profit/(loss) for the financial period	-	-	-	-	-	-	-	-	266.1	266.1	(0.6)	265.5
Other comprehensive loss for the financial period	-	-	(0.1)	-	-	(40.8)	(0.2)	-	-	(41.1)	-	(41.1)
Total comprehensive (loss)/income for the financial period	-	-	(0.1)	-	-	(40.8)	(0.2)	-	266.1	225.0	(0.6)	224.4
Ordinary shares dividends	-	-	-	-	-	-	-	-	(272.9)	(272.9)	-	(272.9)
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	-	22.0	22.0
Share-based payment transaction	-	-	-	-	-	-	-	8.0	-	8.0	-	8.0
Transactions with owners	-	-	-	-	-	-	-	8.0	(272.9)	(264.9)	22.0	(242.9)
At 31/7/2014	519.8	6,165.4	(0.1)	0.0@	(5,470.2)	(13.0)	0.0^	24.9	(653.8)	573.0	25.5	598.5

^ Denotes RM9,000
$ Denotes RM27,000
@ Denotes RM677.50

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JULY 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Attributable to equity holders of the Company										
Period ended 31/7/2013	Share capital	Share premium	Exchange reserve	Capital redemption reserve	Capital reorganisation reserve	Hedging reserve	Share scheme reserve	Accumulated losses	Total	Non-controlling interests	Total
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
At 1/2/2013	519.8	6,165.4	0.0$	0.0*	(5,470.2)	(54.1)	4.0	(653.1)	511.8	4.3	516.1
Profit for the financial period	-	-	-	-	-	-	-	213.0	213.0	(0.6)	212.4
Other comprehensive income for the financial period	-	-	-	-	-	54.8	-	-	54.8	-	54.8
Total comprehensive income/(loss) for the financial period	-	-	-	-	-	54.8	-	213.0	267.8	(0.6)	267.2
Ordinary shares dividends	-	-	-	-	-	-	-	(233.9)	(233.9)	-	(233.9)
Share-based payment transaction	-	-	-	-	-	-	5.9	-	5.9	-	5.9
Transactions with owners	-	-	-	-	-	-	5.9	(233.9)	(228.0)	-	(228.0)
At 31/7/2013	519.8	6,165.4	0.0$	0.0*	(5,470.2)	0.7	9.9	(674.0)	551.6	3.7	555.3

* Denotes RM677.50
$ Denotes RM27,000

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD ENDED 31/7/2014	**PERIOD ENDED 31/7/2013***
CASH FLOWS FROM OPERATING ACTIVITIES	**RM'm**	**RM'm**
Profit before tax	364.4	289.4
Adjustments for:		
Non-cash items^	657.2	613.0
Interest expense	105.2	101.8
Interest income	(28.3)	(26.7)
Fair value gain on measuring equity interest in a joint venture	(9.0)	-
Operating cash flows before changes in working capital	1,089.5	977.5
Changes in working capital	(98.1)	(99.3)
Cash flows from operations	991.4	878.2
Income tax paid	(73.3)	(81.4)
Interest received	22.8	28.8
Dividend received – unit trust	-	4.7
Net cash flows generated from operating activities	940.9	830.3
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment and intangibles	0.9	-
Purchase of property, plant and equipment and intangibles	(299.3)	(293.5)
Disposal of unit trusts	484.5	-
Acquisition of other investment	(8.3)	-
Acquisition of subsidiary, net of cash and cash equivalents acquired	(11.3)	-
Maturities of fixed deposits	566.9	523.2
Interest received on advances to associate	1.1	5.8
Repayment of long-term advances to associate	-	4.2
Investment in joint venture	-	(8.0)
Net cash flows generated from investing activities	734.5	231.7
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(272.9)	(181.9)
Interest paid	(71.2)	(74.5)
Issuance of shares to non-controlling interests	22.0	-
Payment for set-top boxes	(580.0)	(69.7)
Payment of finance lease liabilities	(50.0)	(49.2)
Repayment of borrowings	(74.9)	-
Net cash flows used in financing activities	(1,027.0)	(375.3)
NET INCREASE IN CASH AND CASH EQUIVALENTS	648.4	686.7
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(0.1)	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	353.2	518.5
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR#	1,001.5	1,205.2

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

^ Non-cash items mainly represent amortisation of intangible assets and depreciation of property, plant and equipment as disclosed in Note 17.

* The comparative balances in the statements of cash flows have been restated to conform to the current year's presentation and classification, which more accurately reflects the nature of the relevant transactions.

The difference between the cash and cash equivalents and cash and bank balances represent deposits with banks that have maturity periods of more than 3 months.

Material Non-Cash Transaction

During the financial period ended 31 July 2014, the Group acquired property, plant and equipment by means of vendor financing of RM111.7m (31 July 2013: RM452.6m). The Group had repaid RM580.0m (31 July 2013: RM69.7m) in relation to vendor financing for property, plant and equipment capitalised in prior financial years.

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

1 BASIS OF PREPARATION

The unaudited quarterly report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standard ("MFRS") 134 "Interim Financial Reporting", Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa Securities Listing Requirements") and should be read in conjunction with the audited financial statements for the financial year ended 31 January 2014.

The significant accounting policies and methods adopted for the unaudited condensed financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 January 2014 except for the adoption of the new accounting policy below:

Customer loyalty programmes

Loyalty points under the customer loyalty programmes are accounted for as a separately identifiable component of the transaction in which they are granted. The fair value of the consideration received in respect of the initial sale is allocated between the cost of loyalty points and the other components of the sale. The consideration allocated to loyalty points is recognised in the income statements under the caption of 'revenue' when loyalty points are redeemed.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 February 2014 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- Amendments to MFRS 10, 12 and 127 Investment Entities (effective from 1 January 2014)
- Amendment to MFRS 132 Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2014)
- Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting (effective from 1 January 2014)
- IC Interpretation 21 Levies (effective from 1 January 2014)

MFRSs and Amendments to MFRSs that are applicable to the Group but not yet effective

The Group has not early adopted the following accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB") as these are effective for the financial periods beginning on or after 1 February 2015:

- MFRS 119 Defined Benefit Plans : Employee Contributions (effective from 1 July 2014)
- Annual Improvements to MFRS 2010 – 2012 Cycle (effective from 1 July 2014)

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)

1 BASIS OF PREPARATION (continued)

MFRSs and Amendments to MFRSs that are applicable to the Group but not yet effective (continued)

- Annual Improvements to MFRS 2011 – 2013 Cycle (effective from 1 July 2014)
- MFRS 9 Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities (effective date yet to be determined by MASB)
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation

2 SEASONAL/CYCLICAL FACTORS

The operations of the Group were not significantly affected by seasonal and cyclical factors.

3 UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the second quarter ended 31 July 2014.

4 MATERIAL CHANGES IN ESTIMATES

In the current financial period, the Group conducted a periodic review and revised its estimates in relation to the amortisation of program rights based on the estimated pattern of consumption through its multi-channel distribution of program rights. The impact of the change in estimates on the Group's income statement for the current quarter and financial period ended 31 July 2014 are an increase of RM 12.1 million and RM24.4 million respectively in reported EBITDA and profit before tax.

5 DEBT AND EQUITY SECURITIES

There were no issuance, repurchase and repayment of debt and equity securities by the Group during the second quarter ended 31 July 2014, other than as disclosed in Note 8(i).

6 DIVIDENDS PAID

During the financial period ended 31 July 2014, the following dividend payments were made:

(i) fourth interim single-tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 January 2014 amounting to RM103,966,000 was paid on 30 April 2014;

(ii) first interim single-tier dividend of 2.25 sen per ordinary share in respect of the financial year ending 31 January 2015 amounting to RM116,961,750 was paid on 17 July 2014; and

(iii) final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 January 2014 amounting to RM51,983,000 was paid on 18 July 2014.

Refer to Note 25 for dividends declared during the second quarter ended 31 July 2014.

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)

7 SEGMENT RESULTS AND REPORTING

For management purposes, the Group is organised into business units based on their services and has two key reportable segments based on operating segments as follows:

(i) The television segment is a provider of television services including television content, creation, aggregation and distribution, magazine publication and distribution and multimedia interactive services;
(ii) The radio segment is a provider of radio broadcasting services; and
(iii) Others

The corporate function relates to treasury and management services and is not an operating segment. The corporate function is presented as part of the reconciliation to the consolidated total.

Transactions between segments are carried out on mutually agreed basis. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Segment profit, which is profit before tax, is used to measure performance as management believes that such information is the most relevant in evaluating the results. Income taxes are managed on a group basis and are not allocated to operating segments.

Segment assets

The total of segment assets is measured based on all assets (including goodwill and excluding deferred tax asset) of a segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities (excluding tax liabilities and deferred tax liabilities) of a segment.

Period ended 31/7/2014	**Television**	**Radio**	**Others**	**Corporate Function**	**Elimination**	**Total**
	RM'm	**RM'm**	**RM'm**	**RM'm**	**RM'm**	**RM'm**
External revenue	2,470.3	125.1	-	7.6	-	2,603.0
Interest income	12.8	0.9	1.4	64.0	(50.8)	28.3
Interest expense	(99.9)	(0.1)	(1.4)	(54.6)	50.8	(105.2)
Depreciation and amortisation	(613.6)	(2.8)	-	(2.6)	11.4	(607.6)
Share of post-tax results from investments accounted for using the equity method	(2.5)	-	8.4	-	-	5.9
Segment profit/(loss) – Profit/(loss) before tax	305.8	63.8	(8.3)	(13.9)	17.0	364.4

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)

7 SEGMENT RESULTS AND REPORTING (continued)

As at 31/7/2014	**Television RM'm**	**Radio RM'm**	**Others RM'm**	**Corporate Function RM'm**	**Elimination RM'm**	**Total RM'm**
Segment assets	5,129.5	1,542.0	106.6	450.3	(1,011.5)	6,216.9
Segment liabilities	3,084.5	471.1	26.2	2,926.0	(1,000.6)	5,507.2

Period ended 31/7/2013	**Television RM'm**	**Radio RM'm**	**Others RM'm**	**Corporate Function RM'm**	**Elimination RM'm**	**Total RM'm**
External revenue	2,192.3	114.8	-	7.0	-	2,314.1
Interest income	10.1	1.3	1.1	70.1	(55.9)	26.7
Interest expense	(98.8)	-	(1.2)	(57.7)	55.9	(101.8)
Depreciation and amortisation	(577.7)	(2.0)	-	(2.1)	18.8	(563.0)
Share of post-tax results from investments accounted for using the equity method	(1.0)	-	3.0	-	-	2.0
Segment profit/(loss) – Profit/(loss) before tax	239.2	62.0	(1.3)	(13.6)	3.1	289.4

As at 31/1/2014	**Television RM'm**	**Radio RM'm**	**Others RM'm**	**Corporate Function RM'm**	**Elimination RM'm**	**Total RM'm**
Segment assets	5,062.3	1,236.6	50.4	1,272.9	(568.4)	7,053.8
Segment liabilities	3,676.8	156.1	16.9	3,036.0	(534.5)	6,351.3

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)

7 SEGMENT RESULTS AND REPORTING (continued)

Quarter ended 31/7/2014	Television RM'm	Radio RM'm	Others RM'm	Corporate Function RM'm	Elimination RM'm	Total RM'm
External revenue	1,273.6	71.8	-	3.7	-	1,349.1
Interest income	7.5	0.4	0.8	32.3	(27.0)	14.0
Interest expense	(50.5)	-	(0.8)	(27.5)	27.0	(51.8)
Depreciation and amortisation	(301.8)	(1.4)	-	(1.2)	6.7	(297.7)
Share of post-tax results from investments accounted for using the equity method	(0.8)	-	6.0	-	-	5.2
Segment profit/(loss) – Profit/(loss) before tax	161.1	41.5	(4.6)	(6.4)	4.6	196.2

Quarter ended 31/7/2013	Television RM'm	Radio RM'm	Others RM'm	Corporate Function RM'm	Elimination RM'm	Total RM'm
External revenue	1,118.8	65.6	-	3.9	-	1,188.3
Interest income	5.1	0.7	1.1	34.6	(26.9)	14.6
Interest expense	(49.8)	-	(0.6)	(29.0)	26.9	(52.5)
Depreciation and amortisation	(305.7)	(1.0)	-	(1.0)	9.2	(298.5)
Share of post-tax results from investments accounted for using the equity method	(0.4)	-	1.7	-	-	1.3
Segment profit/(loss) – Profit/(loss) before tax	95.2	40.9	(0.2)	(4.6)	0.3	131.6

8 CHANGES IN THE COMPOSITION OF THE GROUP

(i) On 11 February 2014, Astro Retail Ventures Sdn. Bhd. ("ARV") has entered into a Shareholders' Agreement ("SHA") with GS Home Shopping Inc. ("GSHS") to establish a home shopping business in Malaysia through Astro GS Shop Sdn. Bhd. ("AGSSB").

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)

8 CHANGES IN THE COMPOSITION OF THE GROUP (continued)

(i) AGSSB was subsequently incorporated on 18 February 2014 with an initial issued and paid-up share capital of RM10.00 comprising 10 ordinary shares of RM1 each, issued to ARV and GSHS in the proportion of 60% and 40% respectively. Pursuant to the SHA, ARV and GSHS had on the following dates, subscribed for additional ordinary shares in AGSSB, proportionate to their respective shareholding proportion of 60% and 40% respectively:-

(a) on 4 March 2014, ARV and GSHS subscribed for 2,999,994 and 1,999,996 ordinary shares of RM1 each in AGSSB respectively;
(b) on 5 May 2014, ARV and GSHS subscribed for 9,000,000 and 6,000,000 ordinary shares of RM1 each in AGSSB respectively; and
(c) on 30 June 2014, ARV and GSHS subscribed for 21,000,000 and 14,000,000 ordinary shares of RM1 each in AGSSB respectively.

(ii) On 21 February 2014, Astro Sports Marketing Sdn. Bhd. ("ASM") acquired the remaining 50% equity interest in the share capital of Asia Sports Ventures Pte Ltd ("ASV") comprising 2,000,000 ordinary shares of SGD1 each and 1,000,000 redeemable convertible preference shares of SGD1 each. Consequently, ASV became a wholly-owned subsidiary of ASM and indirectly, of the Company. ASV is principally engaged in the development and global commercialisation of the sport of sepaktakraw and the Group is expected to benefit from the sole and exclusive rights to the sports property.

Details of the identifiable assets, liabilities and net cash outflow arising from the acquisition of the subsidiary are as follows:

	Net book value RM'm
Intangible assets	9.5
Cash and cash equivalent	1.8
Other receivables	0.4
Other payables	(0.4)
Advances from ASM	(2.4)
Total identifiable net assets	8.9
Add: Goodwill	17.3
Less: Fair value of previous stake	(13.1)
Cash outflow on acquisition	13.1
Less: Cash and cash equivalent of subsidiary acquired	(1.8)
Net cash outflow on acquisition of subsidiary	11.3

The Group recognised a gain of RM9.0m as a result of measuring at fair value its 50% equity interest in ASV held before the business combination. The gain is included in "other income" in the Group's income statement for the financial period ended 31 July 2014.

The revenue included in the consolidated income statement since 21 February 2014 contributed by ASV was RM0.3m whilst its contribution to the Group's profit was a loss of RM1.5m. If the acquisition had occurred on 1 February 2014, the revenue included in the consolidated income statement would have been RM0.3m whilst its contribution to the Group's profit would have been a loss of RM2.0m.

The goodwill recognised and fair value gain on re-measuring the previously held equity interest is provisional until an independent valuation is performed to finalise the assessment and valuation of the fair value of all identifiable assets and liabilities assumed. This is reasonably expected to be concluded by the end of the financial year. Goodwill arising from this acquisition, the carrying amount of intangible assets and any corresponding deferred tax impact will be adjusted accordingly on a retrospective basis when the assessment and valuation of all identifiable assets and liabilities assumed are finalised.

8 CHANGES IN THE COMPOSITION OF THE GROUP (continued)

Save for the above, there were no other changes in the composition of the Group during the second quarter ended 31 July 2014.

9 INDEMNITY, GUARANTEES AND CONTINGENT ASSETS

a. Indemnity and guarantees

Details of the indemnity and guarantees of the Group as at 31 July 2014, for which no provision has been made in the interim financial statements, are as set out below:

	Group	
	31/7/2014	**31/1/2014**
	RM'm	**RM'm**
Indemnity given to financial institutions in respect of bank guarantees issued (unsecured):		
- Programme rights vendors[1]	149.3	166.7
- Others[2]	17.9	12.8
Other indemnities:		
- Guarantee to programme rights vendor provided by AMH[1]	106.9	110.6
- Indemnity to Maxis Berhad ("Maxis") pursuant to shareholders' obligations in respect of Advanced Wireless Technologies Sdn. Bhd.	6.3	6.3
	280.4	296.4

Notes:
[1] Included as part of the programming commitments for programme rights as set out in Note 10.
[2] Consist of bank guarantees issued mainly to Royal Malaysian Customs, utility companies and Perbadanan Tabung Pendidikan Tinggi Nasional.

b. Contingent assets

There were no significant contingent assets as at 31 July 2014 (31 January 2014: Nil).

10 COMMITMENTS

The Group has the following commitments not provided for in the interim financial statements as at the end of the financial period:

	31/7/2014			31/1/2014		
	Approved and contracted for	**Approved and not contracted for**	**Total**	**Approved and contracted for**	**Approved and not contracted for**	**Total**
	RM'm	**RM'm**	**RM'm**	**RM'm**	**RM'm**	**RM'm**
Property, plant and equipment*	2,697.1	450.4	3,147.5	2,868.5	185.7	3,054.2
Software	236.8	62.4	299.2	258.2	98.4	356.6
Film library and programme rights	1,149.7	237.7	1,387.4	1,227.2	466.8	1,694.0
	4,083.6	750.5	4,834.1	4,353.9	750.9	5,104.

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)

10 COMMITMENTS (continued)

* Included in approved and contracted for is the supply of transponder capacity with MEASAT International (South Asia) Ltd. and MEASAT Satellite Systems Sdn. Bhd. ("MSS"), both related parties, on MEASAT-3B and MEASAT-3C satellites, of RM1,725.4m and RM533.6m respectively. MSS is a subsidiary of a company in which Ananda Krishnan Tatparanandam ("TAK") has a 99% direct equity interest.

11 SIGNIFICANT RELATED PARTY DISCLOSURES

Usaha Tegas Sdn. Bhd. ("UTSB") and Khazanah Nasional Berhad ("KNB") are parties related to the Company, by virtue of having joint control over Astro Holdings Sdn. Bhd. ("AHSB"), a major shareholder of the Company, pursuant to a shareholders' agreement in relation to AHSB. AHSB holds 100% equity interest in Astro Networks (Malaysia) Sdn. Bhd. ("ANM"), which in turn holds 42.4% equity interest in the Company.

UTSB also has an 9.6% indirect interest in the Company through its wholly-owned subsidiaries All Asia Media Equities Limited and Usaha Tegas Entertainment Systems Sdn Bhd. The ultimate holding company of UTSB is PanOcean Management Limited ("PanOcean"). PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam ("TAK") and foundations including those for charitable purposes. Although PanOcean and TAK are deemed to have an interest in the shares of the Company, they do not have any economic or beneficial interest in the shares as such interest is held subject to the terms of the discretionary trust.

TAK also has a deemed interest in the shares of the Company via entities which are the direct shareholders of the Company and AHSB and held by companies ultimately controlled by TAK.

In addition to related party disclosures mentioned elsewhere in the quarterly report, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on agreed terms with the related parties.

Related Parties	**Relationship**
Maxis Mobile Services Sdn. Bhd.	Subsidiary of a joint venture of UTSB
Maxis Broadband Sdn. Bhd.	Subsidiary of a joint venture of UTSB
ASTRO Overseas Limited ("AOL")	Subsidiary of AHSB
UTSB Management Sdn. Bhd.	Subsidiary of UTSB
Endemol Malaysia Entertainment Group Sdn. Bhd.	Joint venture of the Company
Kristal-Astro Sdn. Bhd.	Associate of the Company
Celestial Movie Channel Limited	Associate of AOL
Sun TV Network Limited	Joint venture partner of AOL
Media Innovations Pte Ltd	Joint venture partner of AOL
Tiger Gate Entertainment Limited	Associate of AOL
MEASAT International (South Asia) Ltd.	Subsidiary of a company in which TAK has a 99% direct equity interest
MEASAT Satellite Systems Sdn. Bhd.	Subsidiary of a company in which TAK has a 99% direct equity interest
GS Home Shopping Inc.	Major shareholder of Astro GS Shop Sdn. Bhd., a 60%-owned subsidiary of the Company

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)

11 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

	Transaction for the period ended 31/7/2014 RM'm	Transaction for the period ended 31/7/2013 RM'm	Balances due from/(to) as at 31/7/2014 RM'm	Balances due from/(to) as at 31/1/2014 RM'm	Commitments as at 31/7/2014 RM'm	Commitments as at 31/1/2014 RM'm
(i) Sales of goods and services						
- Maxis Mobile Services Sdn. Bhd. (Multimedia, interactive and airtime sales)	5.9	5.5	3.5	4.3	-	-
- Maxis Broadband Sdn. Bhd. (Licensing income)	8.7	-	17.3	7.5	-	-
- Kristal-Astro Sdn. Bhd. (Programme services and right sales, technical support and smartcard rental)	15.5	8.2	7.6	5.7	-	-
- MEASAT Satellite Systems Sdn. Bhd. (Compensation for T11)	29.3	3.7	34.3	5.0	-	-
- ASTRO Overseas Limited (Management fees)	3.5	7.1	7.1	4.7	-	-
(ii) Purchases of goods and services						
- UTSB Management Sdn. Bhd. (Personnel, strategic and other consultancy and support services)	9.2	8.9	(4.6)	(3.2)	-	-
- Maxis Broadband Sdn. Bhd. (Telecommunication services)	31.3	22.5	(26.0)	(15.8)	-	-
- MEASAT International (South Asia) Ltd. (Deposit paid on transponder lease)	-	29.8	64.1	66.4	1,725.4	1,785.9
- MEASAT Satellite Systems Sdn. Bhd. (Deposit paid on transponder lease)	-	-	-	68.3	533.6	552.4
- Sun TV Network Limited (Programme broadcast rights)	15.8	16.1	(5.3)	(7.5)	-	-
- Celestial Movie Channel Limited (Programme broadcast rights)	8.6	7.6	(1.7)	(1.6)	-	-
- Media Innovations Pte Ltd (Design, build and commission of Over-the-Top solution)	5.9	1.7	(6.1)	(0.5)	-	-
- Endemol Malaysia Entertainment Group Sdn. Bhd. (Programming rights)	10.6	4.4	1.2	4.9	24.8	35.4

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)

11 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

	Transaction for the period ended 31/7/2014 RM'm	Transaction for the period ended 31/7/2013 RM'm	Balances due from/(to) as at 31/7/2014 RM'm	Balances due from/(to) as at 31/1/2014 RM'm	Commitments as at 31/7/2014 RM'm	Commitments as at 31/1/2014 RM'm
(ii) Purchases of goods and services (continued)						
- Tiger Gate Entertainment Limited (Programming rights)	5.8	5.5	(1.2)	(1.3)	-	-
- GS Home Shopping Inc. (Development of software system)	1.8	-	(0.5)	-	5.0	-
(iii) Key management personnel compensation						
- Salaries, bonus and allowances and other staff related costs	13.6	23.3				
- Share-based payments compensations	2.8	1.9				
- Directors fees	1.2	0.8				
- Defined contribution plans	2.6	3.0				

(iv) Government-related entities

KNB through its wholly-owned subsidiary, Pantai Cahaya Bulan Ventures Sdn. Bhd. ("PCBV") has an indirect equity interest over 29.34% of the total issued and paid-up share capital of AHSB. The equity interest of AHSB in the share capital of the Company is disclosed in Note 11 above. PCBV also has a direct equity interest over 8.29% of the total issued and paid-up share capital of the Company. KNB is an investment arm of the Government of Malaysia. Save for one (1) share owned by the Federal Lands Commissioner, a body corporate incorporated under the Federal Lands Commissioner (Incorporation) Act, 1957, all of the ordinary shares of KNB are owned by the Minister of Finance, a body corporate incorporated under the Minister of Finance, (Incorporation) Act, 1957 ("MoF Inc.").

All the transactions entered into by the Group with government-related entities are conducted in the ordinary course of the Group's business on negotiated terms or terms comparable to those with other entities that are not government-related.

The Group has transactions that are collectively, but not individually significant with other government-related entities in respect of public utilities. For the financial period ended 31 July 2014, management estimates that the aggregate amounts of the Group significant transactions with government-related entities are at 2.6% of its total administrative expenses and 1.8% of its total revenue.

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)

12 FAIR VALUE MEASUREMENTS

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly (ie. from prices) or indirectly (ie. derived from prices).
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

(a) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group as at 31 July 2014 approximated their fair values except as set out below:

(Assets)/Liabilities measured at amortised cost:

	Carrying amount	Level 1	Level 2	Level 3
31 July 2014	RM'm	RM'm	RM'm	RM'm
Other investments - bonds	(40.0)	-	(40.2)	-
Borrowings – finance lease liabilities	634.6	-	734.5	-
31 January 2014				
Other investments - bonds	(35.0)	-	(35.2)	-
Borrowings – finance lease liabilities	661.0	-	771.4	-

The fair value of financial instruments categorised at Level 2 is determined based on a discounted cash flow analysis, using contractual cash flows and market interest rates.

(b) Financial instruments carried at fair value

The following table represents the assets and liabilities measured at fair value:

(Assets)/Liabilities measured at fair value:

	Carrying amount	Level 1	Level 2	Level 3
Recurring fair value measurements	RM'm	RM'm	RM'm	RM'm
31 July 2014				
Other investments – Investment in unit trusts	(44.5)	(44.5)	-	-
Other investments – Series A-1 preference shares in unquoted company	(5.8)	-	(5.8)	-
Other investments – Convertible promissory notes	(3.3)	-	(3.3)	-
Forward foreign currency exchange contracts – cash flow hedges	15.1	-	15.1	-
Interest rate swaps – cash flow hedges	7.3	-	7.3	-
Cross-currency interest rate swaps – cash flow hedges	(59.7)	-	(59.7)	-

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)

12 FAIR VALUE MEASUREMENTS (continued)

(b) Financial instruments carried at fair value (continued)

Recurring fair value measurements	Carrying amount RM'm	Level 1 RM'm	Level 2 RM'm	Level 3 RM'm
31 January 2014				
Other investments – Investment in unit trusts	(529.3)	(529.3)	-	-
Other investments – Series A-1 preference shares in unquoted company	(5.8)	-	(5.8)	-
Forward foreign currency exchange contracts – cash flow hedges	(15.7)	-	(15.7)	-
Interest rate swaps – cash flow hedges	10.8	-	10.8	-
Cross-currency interest rate swaps – cash flow hedges	(111.7)	-	(111.7)	-

The valuation technique used to derive the Level 2 fair value for derivative financial instruments is as disclosed in Note 21.

The valuation technique used to derive the Level 2 fair value for other investment is determined by reference to recent sales price of a comparable transaction with a third party.

During the financial period, there were no transfer between Level 1 and Level 2 fair value measurement, and no transfer into and out of Level 3 fair value measurement.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS

13 ANALYSIS OF PERFORMANCE

(a) Performance of the current quarter (Second Quarter FY15) against the corresponding quarter (Second Quarter FY14):

All amounts in RM'm unless otherwise stated

	Financial Highlights		**Key Operating Indicators**	
	QUARTER ENDED 31/7/2014	**QUARTER ENDED 31/7/2013**	**QUARTER ENDED 31/7/2014**	**QUARTER ENDED 31/7/2013**
Consolidated Performance				
Total revenue	1,349.1	1,188.3		
EBITDA[1]	462.2	404.6		
EBITDA margin (%)	34.3	34.0		
Profit before tax	196.2	131.6		
Net profit	136.6	98.6		
Net (decrease)/increase in cash	(106.8)	56.7		
(i) Television				
Subscription revenue	1,084.2	991.1		
Advertising revenue	95.7	89.2		
Other revenue	93.7	38.5		
Total revenue	1,273.6	1,118.8		
EBITDA	427.6	366.9		
EBITDA margin (%)	33.6	32.8		
Profit before tax	161.1	95.2		
Total residential subscribers-end of period ('000)			4,163.9	3,672.8
Pay-TV residential subscribers-end of period ('000)			3,485.6	3,358.8
Pay-TV residential subscribers-net additions ('000)			15.2	43.0
Non-subscription customers-end of period ('000)			678.3	314.0
Non-subscription customers-net additions ('000)			152.7	49.9
Pay-TV residential ARPU[2](RM)			98.0	94.9
MAT Churn[3](%)			9.9	8.5

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

13 ANALYSIS OF PERFORMANCE (continued)

(a) Performance of the current quarter (Second Quarter FY15) against the corresponding quarter (Second Quarter FY14) (continued):

	All amounts in RM'm unless otherwise stated			
	Financial Highlights		**Key Operating Indicators**	
	QUARTER ENDED 31/7/2014	**QUARTER ENDED 31/7/2013**	**QUARTER ENDED 31/7/2014**	**QUARTER ENDED 31/7/2013**
(ii) Radio				
Revenue	71.8	65.6		
EBITDA[1]	42.4	41.3		
EBITDA margin (%)	59.1	63.0		
Profit before tax	41.5	40.9		
Listeners ('000)[4]			12,645	12,344
Share of Radex[5](%)			55.7	54.6

Notes:

1. Earnings before interest, tax, depreciation and amortisation ("EBITDA") represent profit/(loss) before net finance costs, tax, impairment, write-off and depreciation of property, plant and equipment and amortisation of intangible assets such as software (but excluding amortisation of film library and program rights which are expensed as part of cost of sales), impairment of investments and share of post-tax results from investments accounted for using the equity method.
2. Average Revenue Per User ("ARPU") is the monthly average revenue per residential subscriber. ARPU is calculated by dividing the total subscription revenue derived from residential subscribers over the last twelve months with average number of residential subscribers over the same period.
3. MAT (moving annual total) Churn is computed by dividing the sum of Churn over the last twelve months with the average residential customer base over the same period. Churn is the number of subscribers over a given period whose subscriptions have been terminated either voluntarily or involuntarily (as a result of non-payment), net of reconnections within a given period.
4. Based on the Radio Listenership Survey by Nielsen dated 4 June 2014 (Quarter 2 FY14: 22 October 2012).
5. Based on Advertising expenses ("Adex") from Nielsen Media Report dated 15 September 2014 (Quarter 2 FY14: 16 August 2013). Radex is radio advertising expenditure.

13 ANALYSIS OF PERFORMANCE (continued)

(a) Performance of the current quarter (Second Quarter FY15) against the corresponding quarter (Second Quarter FY14) (continued):

Consolidated Performance

Revenue

Revenue for the current quarter of RM1,349.1m was higher by RM160.8m or 13.5% against corresponding quarter of RM1,188.3m. This was mainly due to the increase in subscription, advertising and other revenue of RM92.5m, RM12.7m and RM55.6m respectively.

The increase in subscription revenue is attributed to both an increase in ARPU for Pay-TV residential subscribers of RM3.10 (from RM94.90 to RM98.00) and an increase in number of Pay-TV residential subscribers by 126,800 (from 3,358,800 to 3,485,600).

The increase in other revenue is due to an increase in licensing income of RM45.6m and sales of decoders for NJOI customers of RM8.0m.

Radio's revenue for the current quarter of RM71.8m was higher by RM6.2m compared with corresponding quarter of RM65.6m. The higher revenue performance was driven by continuous strong listenership ratings.

EBITDA margin

Notwithstanding higher content costs, arising primarily from key sporting events, EBITDA margin increased by 0.3% against corresponding quarter, mainly due to lower marketing and distribution costs, staff related costs and higher other operating income, contributed mainly by compensation for the delayed release of satellite services.

Net Profit

Net profit increased by RM38.0m or 38.5% compared with the corresponding quarter. The increase in net profit is mainly due to the increase in EBITDA of RM57.6m and decrease in net finance costs of RM19.1m, which was offset by an increase in tax expenses of RM26.6m, increase in depreciation of set-top boxes of RM7.9m and amortisation of software of RM3.9m.

Cash Flow

Decrease in cash of RM163.5m as compared with corresponding quarter is mainly due to higher payment for set-top boxes of RM405.1m, repayment of borrowings of RM74.9m, higher repayment of finance lease liabilities of RM24.8m and higher dividend payment of RM65.0m. This was offset by higher operating cash flows of RM81.9m, sales of unit trusts of RM314.5m, and issuance of shares to non-controlling interests of RM20.0m.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

13 ANALYSIS OF PERFORMANCE (continued)

(a) Performance of the current quarter (Second Quarter FY15) against the corresponding quarter (Second Quarter FY14) (continued):

Television

Television registered an increase in total revenue of RM154.8m (or 13.8%) compared with corresponding quarter, which was mainly attributable to the increase in subscription, advertising and other revenue of RM93.1m, RM6.5m and RM55.2m respectively.

The increase in subscription revenue is attributed to both an increase in ARPU for Pay-TV residential subscribers of RM3.10 (from RM94.90 to RM98.00) and an increase in number of Pay-TV residential subscribers by 126,800 (from 3,358,800 to 3,485,600).

The increase in other revenue was due to an increase in licensing income, prepaid revenue and sales of decoders for NJOI customers.

Television EBITDA increased by RM60.7m or 16.5% against corresponding quarter mainly due to the increase in revenue as highlighted above, higher other operating income and lower marketing and distribution costs. The increase was partly offset by higher broadband costs and higher content costs, marginally mitigated by the revision in estimates as disclosed in Note 4.

Radio

Radio's revenue for the current quarter of RM71.8m was higher by RM6.2m compared with the corresponding quarter of RM65.6m. The higher revenue performance was driven by the pricing and inventory management strategy, in line with the strong listenership performance.

Radio EBITDA for the current quarter of RM42.4m, increased by RM1.1m or 2.0% against the corresponding quarter, driven by the positive revenue performance. The lower EBITDA margin in current quarter compared with the corresponding quarter was due to the corresponding quarter's cost base included a write back of unutilised provisions amounting to RM4.4m.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

13 ANALYSIS OF PERFORMANCE (continued)

(b) Performance of the current quarter (Second Quarter FY15) against the preceding quarter (First Quarter FY15):

All amounts in RM'm unless otherwise stated

	Financial Highlights		Key Operating Indicators	
	QUARTER ENDED 31/7/2014	QUARTER ENDED 30/4/2014	QUARTER ENDED 31/7/2014	QUARTER ENDED 30/4/2014
Consolidated Performance				
Total revenue	1,349.1	1,253.9		
EBITDA[1]	462.2	441.2		
EBITDA margin (%)	34.3	35.2		
Profit before tax	196.2	168.2		
Net profit	136.6	128.9		
Net (decrease)/increase in cash	(106.8)	188.4		
(i) Television				
Subscription revenue	1,084.2	1,053.7		
Advertising revenue	95.7	69.0		
Other revenue	93.7	74.0		
Total revenue	1,273.6	1,196.7		
EBITDA	427.6	413.4		
EBITDA margin (%)	33.6	34.5		
Profit before tax	161.1	144.7		
Total residential subscribers-end of period ('000)			4,163.9	3,996.0
Pay-TV residential subscribers-end of period[2] ('000)			3,485.6	3,470.4
Pay-TV residential subscribers-net additions ('000)			15.2	28.1
Non-subscription customers-end of period ('000)			678.3	525.6
Non-subscription customers-net additions ('000)			152.7	83.7
Pay-TV residential ARPU[3](RM)			98.0	97.1
MAT Churn[4](%)			9.9	9.9

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

13 ANALYSIS OF PERFORMANCE (continued)

(b) Performance of the current quarter (Second Quarter FY15) against the preceding quarter (First Quarter FY15) (continued):

All amounts in RM'm unless otherwise stated

	Financial Highlights		Key Operating Indicators	
	QUARTER ENDED 31/7/2014	**QUARTER ENDED 30/4/2014**	**QUARTER ENDED 31/7/2014**	**QUARTER ENDED 30/4/2014**
(ii) Radio				
Revenue	71.8	53.3		
EBITDA[1]	42.4	23.4		
EBITDA margin (%)	59.1	43.9		
Profit before tax	41.5	22.3		
Listeners ('000)[5]			12,645	12,645
Share of Radex[6](%)			55.7	59.1

Notes:

1. Earnings before interest, tax, depreciation and amortisation ("EBITDA") represent profit/(loss) before net finance costs, tax, impairment, write-off and depreciation of property, plant and equipment and amortisation of intangible assets such as software (but excluding amortisation of film library and program rights which are expensed as part of cost of sales), impairment of investments and share of post-tax results from investments accounted for using the equity method.
2. Included in Quarter 1 FY15 in the Pay-TV residential subscribers-end of period ('000) number of 3,470.4m were 116,600 past subscribers under retention offers. Such retention initiatives are pursued from time to time in the ordinary course of business. However, there can be no certainty that these offers will be accepted.
3. Average Revenue Per User ("ARPU") is the monthly average revenue per residential subscriber. ARPU is calculated by dividing the total subscription revenue derived from residential subscribers over the last twelve months with average number of residential subscribers over the same period.
4. MAT (moving annual total) Churn is computed by dividing the sum of Churn over the last twelve months with the average residential customer base over the same period. Churn is the number of subscribers over a given period whose subscriptions have been terminated either voluntarily or involuntarily (as a result of non-payment), net of reconnections within a given period.
5. Based on the Radio Listenership Survey by Nielsen dated 4 June 2014 (Quarter 1 FY15: 4 June 2014).
6. Based on Advertising expenses ("Adex") from Nielsen Media Report dated 15 September 2014 (Quarter 1 FY15: 15 May 2014). Radex is radio advertising expenditure.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

13 ANALYSIS OF PERFORMANCE (continued)

(b) Performance of the current quarter (Second Quarter FY15) against the preceding quarter (First Quarter FY15) (continued):

Consolidated Performance

Revenue

Revenue for the current quarter of RM1,349.1m was higher by RM95.2m or 7.6% against preceding quarter of RM1,253.9m. This was mainly due to an increase in subscription, advertising and other revenue RM29.9m, RM45.2m and RM20.1m respectively.

The increase in subscription revenue was due to higher ARPU for Pay-TV residential subscribers of RM0.90 (from RM97.10 to RM98.00) and higher Pay-TV residential subscribers by 15,200 (from 3,470,400 to 3,485,600).

Advertising revenue for the current quarter of RM167.5m was higher by RM45.2m compared with the preceding quarter of RM122.3m, primarily due to the festive season and FIFA World Cup event.

The increase in other revenue is due to an increase in licensing income of RM23.6m.

EBITDA margin

EBITDA margin decreased by 0.9% against the preceding quarter mainly due to an increase in content costs, primarily attributed to key sporting events. The increase was offset by lower installation costs, lower marketing and distribution costs and higher other operating income as a percentage of revenue.

Net Profit

Net profit increased by RM7.7m or 6.0% to RM136.6m during the quarter. The increase was mainly due to an increase in EBITDA of RM21.0m and lower depreciation of set-top boxes of RM4.5m. The increase was offset by higher tax expenses of RM20.3m.

Cash Flow

Decrease in cash of RM106.8m as compared with preceding quarter was mainly due to acquisition of property, plant and equipment and intangibles of RM169.3m, payment for set-top boxes of RM444.5m, payment of interest of RM45.4m, dividend payment of RM168.9m, payment of finance lease liabilities of RM49.8m and repayment of borrowings of RM74.9m. This was offset by higher operating cash flows of RM515.3m, sales of unit trusts of RM314.5m and issuance of shares to non-controlling interest of RM20.0m.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

13 ANALYSIS OF PERFORMANCE (continued)

(b) Performance of the current quarter (Second Quarter FY15) against the preceding quarter (First Quarter FY15) (continued):

Television

Television registered an increase in total revenue in the current quarter of RM76.9m or 6.4%, which was attributable by the increase in subscription, advertising and other revenue of RM30.5m, RM26.7m and RM19.7m respectively.

The increase in subscription revenue was due to higher ARPU for Pay-TV residential subscribers of RM0.90 (from RM97.10 to RM98.00) and higher Pay-TV residential subscribers by 15,200 (from 3,470,400 to 3,485,600). The increase in advertising revenue was due to the festive season and FIFA World Cup event.

EBITDA increased by RM14.2m or 3.4% against the preceding quarter mainly due to the increased in revenue, as highlighted above and decrease in installation costs. The increase was offset by higher content costs.

Radio

Radio's revenue for the current quarter of RM71.8m was higher by RM18.5m or 34.7% compared with the preceding quarter of RM53.3m. The higher revenue performance for the quarter was due to the festive celebrations and supported by the continuous strong listenership ratings for its top brands.

The higher revenue resulted in higher EBITDA of RM42.4m, an increase of RM19.0m or 81.2% compared with the preceding quarter.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

13 ANALYSIS OF PERFORMANCE (continued)

(c) Performance of the current period (YTD July 2014) against the corresponding period (YTD July 2013):

	All amounts in RM'm unless otherwise stated			
	Financial Highlights		**Key Operating Indicators**	
	PERIOD ENDED 31/7/2014	**PERIOD ENDED 31/7/2013**	**PERIOD ENDED 31/7/2014**	**PERIOD ENDED 31/7/2013**
Consolidated Performance				
Total revenue	2,603.0	2,314.1		
EBITDA[1]	903.4	785.5		
EBITDA margin (%)	34.7	33.9		
Profit before tax	364.4	289.4		
Net profit	265.5	212.4		
Net increase in cash	81.6	163.5		
(i) Television				
Subscription revenue	2,137.9	1,962.7		
Advertising revenue	164.7	155.5		
Other revenue	167.7	74.1		
Total revenue	2,470.3	2,192.3		
EBITDA	841.0	731.8		
EBITDA margin (%)	34.0	33.4		
Profit before tax	305.8	239.2		
Total residential subscribers-end of period ('000)			4,163.9	3,672.8
Pay-TV residential subscribers-end of period ('000)			3,485.6	3,358.8
Pay-TV residential subscribers-net additions ('000)			45.4	83.3
Non-subscription customers-end of period ('000)			678.3	314.0
Non-subscription customers-net additions ('000)			236.3	105.0
Pay-TV residential ARPU[2] (RM)			98.0	94.9
MAT Churn[3] (%)			9.9	8.5

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

13 ANALYSIS OF PERFORMANCE (continued)

(c) Performance of the current period (YTD July 2014) against the corresponding period (YTD July 2013) (continued):

	All amounts in RM'm unless otherwise stated			
	Financial Highlights		**Key Operating Indicators**	
	PERIOD ENDED 31/7/2014	**PERIOD ENDED 31/7/2013**	**PERIOD ENDED 31/7/2014**	**PERIOD ENDED 31/7/2013**
(ii) Radio				
Revenue	125.1	114.8		
EBITDA[1]	65.8	62.7		
EBITDA margin (%)	52.6	54.6		
Profit before tax	63.8	62.0		
Listeners ('000)[4]			12,645	12,344
Share of Radex[5] (%)			55.7	54.6

Notes:

1. Earnings before interest, tax, depreciation and amortisation ("EBITDA") represent profit/(loss) before net finance costs, tax, impairment, write-off and depreciation of property, plant and equipment and amortisation of intangible assets such as software (but excluding amortisation of film library and program rights which are expensed as part of cost of sales), impairment of investments and share of post-tax results from investments accounted for using the equity method.
2. Average Revenue Per User ("ARPU") is the monthly average revenue per residential subscriber. ARPU is calculated by dividing the total subscription revenue derived from residential subscribers over the last twelve months with average number of residential subscribers over the same period.
3. MAT (moving annual total) Churn is computed by dividing the sum of Churn over the last twelve months with the average residential customer base over the same period. Churn is the number of subscribers over a given period whose subscriptions have been terminated either voluntarily or involuntarily (as a result of non-payment), net of reconnections within a given period.
4. Based on the Radio Listenership Survey by Nielsen dated 4 June 2014 (YTD July 2013: 22 October 2012).
5. Based on Advertising expenses ("Adex") from Nielsen Media Report dated 15 September 2014 (YTD July 2013: 16 August 2013). Radex is radio advertising expenditure.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

13 ANALYSIS OF PERFORMANCE (continued)

(c) Performance of the current period (YTD July 2014) against the corresponding period (YTD July 2013) (continued):

Consolidated Performance

Revenue

Revenue for the current period of RM2,603.0m was higher by RM288.9m or 12.5% against corresponding period of RM2,314.1m. This was mainly due to an increase in subscription, advertising and other revenue of RM175.2m, RM19.5m and RM94.2m respectively.

The increase in subscription revenue was due to higher ARPU for Pay-TV residential subscribers of RM3.10 (from RM94.90 to RM98.00) and higher Pay-TV residential subscribers by 126,800 (from 3,358,800 to 3,485,600). The increase in advertising revenue was due to festive seasons and Brazil World Cup.

The increase in other revenue is due to an increase in licensing income of RM73.0m and sales of decoders for NJOI customer of RM12.2m.

EBITDA margin

Notwithstanding the higher content costs, arising primarily from key sporting events, EBITDA margin increased by 0.8% against the corresponding period due lower marketing distribution cost and staff related costs as a percentage of revenue, offset by higher content costs.

Net Profit

Net profit increased by RM53.1m or 25.0% to RM265.5m during the period. The increase was mainly due to an increase in EBITDA of RM117.9m and lower net finance costs of RM9.4m. The increase was offset by higher depreciation of set-top boxes of RM37.2m, higher amortisation of software of RM11.8m and higher tax expenses of RM21.9m.

Cash Flow

Increase in cash of RM81.6m as compared with corresponding period was mainly due to higher operating cash flows of RM940.9, sales of unit trusts of RM484.5m and issuance of shares to non-controlling interest of RM22.0m. This was offset by acquisition of property, plant and equipment and intangibles of RM299.3m, payment for set-top boxes of RM580.0m, acquisition of subsidiary of RM11.3m, payment of interest of RM71.2m, payment of finance lease liabilities of RM50.0m, repayment of borrowings of RM74.9m and dividend payment of RM272.9m.

13 ANALYSIS OF PERFORMANCE (continued)

(c) Performance of the current period (YTD July 2014) against the corresponding period (YTD July 2013) (continued):

Television

Television registered an increase in total revenue in the current period of RM278.0m or 12.7%, which was attributable by the increase in subscription, advertising and other revenue of RM175.2m, RM9.2m and RM93.6m respectively.

The increase in subscription revenue was due to higher ARPU for Pay-TV residential subscribers of RM3.10 (from RM94.90 to RM98.00) and higher Pay-TV residential subscribers by 126,800 (from 3,358,800 to 3,485,600). The increase in advertising revenue was due to festive seasons and Brazil World Cup.

The increase in other revenue was due to an increase in licensing income, prepaid revenue and sales of decoders for NJOI customers.

EBITDA increased by RM109.2m or 14.9% against the corresponding period mainly due to the increase in revenue as highlighted above and lower staff related costs. The increase was offset by higher content costs, marginally mitigated by the revision in estimates as disclosed in Note 4, and higher cost of sales relating to set-top boxes sold to NJOI customers.

Radio

Radio’s revenue for the current period of RM125.1m was higher by RM10.3m or 9.0% compared with the corresponding period of RM114.8m. The higher revenue performance was driven by the pricing and inventory strategies in line with the strong listenership performance.

The higher revenue resulted in higher EBITDA of RM65.8m, an increase of RM3.1m or 4.9% as compared with the corresponding period. This was offset by higher marketing expenses and programming fees.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

14 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 JANUARY 2015

The Group is executing on its key strategy of growing revenues by providing differentiated content and a diverse range of value added products and services.

To provide the best of content for our customers, the Group has scheduled a line-up of key sporting events including the BPL and Asian Games for the remainder of the financial year which should attract a good following amongst our subscribers. The premier sports content is in addition to the best of local and international content that we produce, aggregate and distribute to our customers. Our commitment to meeting the demand of local and regional viewers for original vernacular content is underlined by the recent collaboration with Pinewood Iskandar Malaysia Studios to offer world-class television content production services.

Our strong TV viewership and radio listenership gives us greater reach and relevance to advertisers and is underpinning our adex sales. Combined with the integrated media offering across TV, Radio and Digital media and a unique capability to engage with our customer, the Group expects its comprehensive marketing solutions to continue to grow Adex share.

With the launch of the M3B satellite, the Group will be able to introduce additional channels to appeal to a wider range of audience and support our growth initiatives.

We remain active managers of all our cost lines, with disciplined monitoring of our key cost drivers. The Group maintains good visibility on its operating expenses, in particular content costs, with the significant majority of our key content contracts secured on a long term basis.

On the basis of the above, the Board believes that the Group will remain cash generative; and given its financial strength, it will be able to both invest in its growth strategy, and pursue its progressive dividend policy.

15 PROFIT FORECAST OR PROFIT GUARANTEE

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

16 QUALIFICATION OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

There was no qualification to the preceding audited annual financial statements for the financial year ended 31 January 2014.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

17 PROFIT BEFORE TAX

The following items have been charged/(credited) in arriving at the profit before tax:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/7/2014	QUARTER ENDED 31/7/2013	PERIOD ENDED 31/7/2014	PERIOD ENDED 31/7/2013
	RM'm	RM'm	RM'm	RM'm
Amortisation of intangible assets	106.7	119.2	222.3	221.5
Depreciation of property, plant and equipment	191.1	179.3	385.4	341.5
Impairment of receivables	8.1	7.1	25.4	25.1
Finance income:				
- Interest income	11.4	9.9	22.1	22.0
- Unit trust	2.6	4.7	6.2	4.7
- Realised foreign exchange gain	-	9.5	-	6.4
- Unrealised foreign exchange gain	30.3	-	51.8	-
- Fair value loss on derivative recycled to income statement arising from foreign exchange risk	(25.5)	-	(42.3)	-
	18.8	24.1	37.8	33.1
Finance costs:				
- Bank borrowings	25.6	27.0	50.7	53.5
- Finance lease liabilities	11.9	12.6	24.0	25.4
- Vendor financing	9.4	10.3	22.0	17.8
- Realised foreign exchange losses	0.5	-	0.5	-
- Unrealised foreign exchange losses	-	98.1	-	72.9
- Fair value loss/(gain) on derivative recycled to income statement arising from:				
- Interest rate risk	11.3	9.3	21.7	16.9
- Foreign exchange risk	-	(71.9)	-	(59.5)
- Others	4.9	2.6	8.5	5.1
	63.6	88.0	127.4	132.1

Other than as presented in the income statement and as disclosed above, there were no gain/loss on disposal of quoted and unquoted investments or properties, impairment of assets or any other exceptional items for the current quarter.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

18 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/7/2014	QUARTER ENDED 31/7/2013	PERIOD ENDED 31/7/2014	PERIOD ENDED 31/7/2013
	RM'm	RM'm	RM'm	RM'm
Current tax	72.6	40.2	121.4	92.2
Deferred tax	(13.0)	(7.2)	(22.5)	(15.2)
	59.6	33.0	98.9	77.0

Reconciliation of the estimated income tax expense applicable to profit before taxation at the Malaysian statutory tax rate to estimated income tax expense at the effective tax rate of the Group is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/7/2014	QUARTER ENDED 31/7/2013	PERIOD ENDED 31/7/2014	PERIOD ENDED 31/7/2013
	RM'm	RM'm	RM'm	RM'm
Profit before taxation	196.2	131.6	364.4	289.4
Tax at Malaysian corporate tax rate of 25%	49.0	32.9	91.1	72.4
Tax effect of:				
Unrecognised deferred tax asset	0.7	0.9	1.0	1.5
Utilisation of previously unrecognised temporary differences	(0.4)	-	(0.4)	
Others (including expenses not deductible for tax purposes and income not subject to tax)	10.3	(0.8)	7.2	3.1
Taxation charge	59.6	33.0	98.9	77.0

19 STATUS OF CORPORATE PROPOSALS ANNOUNCED

Utilisation of IPO proceeds

On 19 October 2012, the entire issued and paid-up share capital of the Company was listed on the Main Market of Bursa Malaysia Securities Berhad.

As at 19 September 2014, the gross proceeds of RM1,422.9m from the Public Issue were utilised in the following manner:

	Proposed Utilisation Amount	Actual Utilisation Amount	Intended Timeframe for	Balance	
	RM'm	RM'm		RM'm	%
Repayment of bank borrowings	500.0	500.0	Within 12 months	-	-
Capital expenditure	750.0	690.0	Within 36 months	60.0	8
Working capital	112.9	103.3	Within 24 months	9.6	9
Estimated fees and expenses for the IPO and listing	60.0	48.8	Within 3 months	11.2*	19
	1,422.9	1,342.1		80.8	6

* Excess of the amounts allocated will be utilised for meeting general working capital requirements as disclosed in the Prospectus in relation to the IPO dated 21 September 2012

20 GROUP BORROWINGS AND DEBT SECURITIES

The amount of Group borrowings and debt securities as at 31 July 2014 are as follows:

	Current	Non-current	Total
	RM'm	RM'm	RM'm
Unsecured:			
Term loans			
- RM Term Loan	218.2	1,700.0	1,918.2
- USD Term Loan – USD330 million	107.8	899.6	1,007.4
	326.0	2,599.6	2,925.6
Less: Debt issuance costs	(7.3)	(24.6)	(31.9)
Term loans, net of debt issuance costs	318.7	2,575.0	2,893.7
Finance lease			
- Lease of transponders[(a)]	55.9	565.4	621.3
- Lease of equipment and software[(b)]	5.4	7.9	13.3
	61.3	573.3	634.6
	380.0	3,148.3	3,528.3

20 GROUP BORROWINGS AND DEBT SECURITIES (continued)

The Group borrowings and debt securities were denominated in the following currencies:

	Total
	RM'm
Ringgit Malaysia	2,529.3
United States Dollars ("USD")	999.0
	3,528.3

Note:

(a) Lease of transponders on the MEASAT 3 satellite and MEASAT 3A satellite from the lessor, MEASAT Satellite Systems Sdn. Bhd.("MSS"), a related party.

(b) HP lease for servers' hardware, software and testing environment hardware.

21 DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivatives

Details of derivative financial instruments outstanding as at 31 July 2014 are set out below:

Types of derivatives	Contract/ Notional Amount	Fair Value Assets	Fair Value Liabilities
	RM'm	RM'm	RM'm
Forward foreign currency exchange contracts ("FX Contracts")			
- Less than 1 year	1,083.7	1.3	(16.4)
- 1 to 3 years	-	-	-
- More than 3 years	-	-	-
	1,083.7	1.3	(16.4)
Interest rate swaps ("IRS")			
- Less than 1 year	352.4	0.1	(3.0)
- 1 to 3 years	875.1	0.6	(1.5)
- More than 3 years	900.0	-	(3.5)
	2,127.5	0.7	(8.0)
Cross-currency interest rate swaps ("CCIRS")			
- Less than 1 year	105.8	3.2	(0.5)
- 1 to 3 years	412.7	17.6	(2.7)
- More than 3 years	635.0	42.1	-
	1,153.5	62.9	(3.2)

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

21 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Disclosure of derivatives (continued)

There have been no changes since the end of the previous financial year ended 31 January 2014 in respect of the following:

(i) the market risk and credit risk associated with the derivatives as these are used for hedging purposes;
(ii) the cash requirements of the derivatives;
(iii) the policies in place for mitigating or controlling the risks associated with the derivatives; and
(iv) the related accounting policies.

(b) Disclosure of gains/(losses) arising from fair value

The Group determines the fair values of the derivative financial instruments relating to the FX Contracts using valuation techniques which utilise data from recognised financial information sources. Assumptions are based on market conditions existing at each balance sheet date. The fair values are calculated at the present value of the estimated future cash flow using an appropriate market based yield curve. As for IRS and CCIRS, the fair values were obtained from the counterparty banks.

As at 31 July 2014, the Group recognised net total derivative financial assets of RM37.3m, a decrease of RM79.3m from the previous financial year ended 31 January 2014, on re-measuring the fair values of the derivative financial instruments. The corresponding increase has been included in equity in the hedging reserve. For the current year, RM38.5m of the hedging reserve was transferred to the income statement to offset the unrealised gain of RM38.5m which resulted from the strengthening of RM against USD. This resulted in an increase on the debit balance in the hedging reserve as at 31 July 2014 by RM40.8m to RM13.0m compared with the financial year ended 31 January 2014.

Forward foreign currency exchange contracts

Forward foreign currency exchange contracts are used to manage the foreign currency exposures arising from the Group's payables denominated in currencies other than the functional currencies of the Group. 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 31 July 2014 were RM1,083.7m (31 January 2014: RM960.8m).

Interest rate swaps

Interest rate swaps are used to achieve an appropriate interest rate exposure within the Group. The Group entered into interest rate swaps to hedge the cash flow risk in relation to the floating interest rate of a bank loan, as disclosed in Note 20 with notional principal amounts of RM1,425.0m (31 January 2014: RM1,462.5m) and vendor financing, as disclosed in Note 22 with notional principal amounts of RM452.4m and USD78.0m (31 January 2014: RM97.7m and USD59.9m).

The interest rate swaps for bank loan were entered up to 10 years with an average fixed swap rate of 4.15% (31 January 2014: 4.15%).

The Ringgit and USD dollar interest rate swaps for vendor financing were entered into for a period of up to 3 years with an average fixed swap rate of 3.59% (31 January 2014: 3.61%) and 0.45% (31 January 2014: 0.45%) respectively.

21 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(b) Disclosure of gains/(losses) arising from fair value (continued)

Cross-currency interest rate swaps

To mitigate financial risks arising from adverse fluctuations in interest and exchange rates, the Group entered into cross-currency interest rate swaps with notional principal amounts of USD313.5m (31 January 2014: USD321.8m) for bank loan and USD45.6m (31 January 2014: USD17.7m) for vendor financing.

The cross-currency interest rate swap for bank loan was entered up to a period of 10 years and had an average fixed swap rate and exchange rate of 4.19% (inclusive of interest margin of 1%) (31 January 2014: 4.19% (inclusive of interest margin of 1%)) and USD/RM3.0189 (31 January 2014: USD/RM3.0189) respectively.

The cross-currency interest rate swap for vendor financing was entered up to a period of 3 years and had an average fixed swap rate and exchange rate of 4.27% (inclusive of interest margin of 1.0%) (31 January 2014: 4.28% (inclusive of interest margin of 1.1%)) and USD/RM3.2515 (31 January 2014: USD/RM3.2657).

22 PAYABLES

Included in payables are credit terms granted by vendors that generally range from 0 to 90 days (31 January 2014: 0 to 90 days). Vendors of set-top boxes and outdoor units have granted an extended payment term of 36 months (“vendor financing”) on Usance Letter of Credit Payable at Sight (“ULCP”) and Promissory Notes (“PN”) basis to the Group.

The effective interest rates at the end of the financial period ranged between 1.2% and 5.0% (31 January 2014: 1.2% and 4.7%) per annum.

As at 31 July 2014, the vendor financing included in payables is RM921.0m (31 January 2014: RM1,360.8m), comprising current portion of RM245.2m (31 January 2014: RM111.7m) and non-current portion of RM675.8m (31 January 2014: RM1,249.2m).

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

23 DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS/(ACCUMULATED LOSSES)

The following analysis is prepared in accordance with Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the context of disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

The breakdown of (accumulated losses)/retained profits of the Group as at the balance sheet date, into realised and unrealised (losses)/profits, pursuant to the directive, is as follows:

Group	**As at 31/7/2014**	**As at 31/1/2014**
	RM'm	**RM'm**
Total (accumulated losses)/retained profits of the Company and its subsidiaries:		
- Realised	(248.1)	(215.6)
- Unrealised[N1]	33.9	32.8
	(214.2)	(182.8)
Total retained profits from associates and joint ventures:		
- Realised	20.0	14.1
- Unrealised	-	-
	(194.2)	(168.7)
Less: Consolidation adjustments	(459.6)	(478.3)
Total accumulated losses as per consolidated balance sheets	(653.8)	(647.0)

N1 The unrealised retained profits/(accumulated losses) are mainly deferred tax provision and translation gains or losses of monetary items denominated in a currency other than the functional currency.

The breakdown of retained profits of the Company as at the balance sheet date, into realised and unrealised profits, pursuant to the directive, is as follows:

Company	**As at 31/7/2014**	**As at 31/1/2014**
	RM'm	**RM'm**
Total retained profits of the Company:		
- Realised	13.4	302.2
- Unrealised	-	-
	13.4	302.2

24 CHANGES IN MATERIAL LITIGATION

There have been no significant developments in material litigations since the last balance sheet included in the annual audited financial statements up to the date of this announcement, except for the following:-

(i) Civil Suit in Indonesia by PTDV

With regard to PTDV's claim on the alleged unlawful act or tort for immaterial losses of USD20 billion against MBNS and other defendants, the South Jakarta District Court ("SJDC") had on 5 June 2014 dismissed the claim filed by PTDV.

After an examination of the evidence presented to the court, the SJDC ruled that the claim originated from the Subscription and Shareholders Agreement dated 11 March 2005 ("SSA") which contained an arbitration clause for dispute resolution. The SJDC ruled that the arbitration clause in the SSA was binding and applicable and thus the case must be determined by way of arbitration under the auspices of the Singapore International Arbitration Centre ("SIAC"). Based on the laws of Indonesia, the SJDC determined that it did not have the jurisdiction to hear the case and accordingly dismissed the claim. By way of background, this dispute has already been heard and finally determined by way of arbitration under the auspices of the SIAC and several awards were made by the Arbitration Tribunal in favor of MBNS and the other Astro entities in 2009 and 2010 ("SIAC Awards"). These SIAC Awards have been registered in Malaysia.

(ii) Application For Enforcement of The SIAC Awards In Hong Kong

With regard to the garnishee proceedings in Hong Kong brought by MBNS, and other plaintiffs (collectively, the "Claimants") against AcrossAsia Limited ("Garnishee"), the Claimants had subsequently filed an application to the High Court for leave to appeal to the Court of Appeal against the unconditional stay of execution of the garnishee order absolute granted by the Hong Kong High Court to the Garnishee and PT First Media ("PT FM"). This application has since been refused by the High Court. On 4 April 2014, the Claimants renewed this application for leave to appeal, this time before the Court of Appeal. The Court of Appeal had dismissed the Claimants' application for leave to appeal against the unconditional stay of execution of the garnishee order.

(iii) Civil Suit in Indonesia by PT Ayunda Prima Mitra ("PT APM")

With regard to PT APM's claim against MBNS and other defendants for USD 1.75 billion, it was earlier disclosed that the Astro Defendants filed a challenge on the basis that the SJDC had no jurisdiction to hear the claim and that the claim falls within the scope of a binding arbitration agreement set out in the SSA.

On 13 May 2009, the SJDC rejected the Astro Defendants' challenge that PT APM's claim falls within the scope of a binding arbitration agreement set out in the SSA and held that it had jurisdiction to hear the dispute and subsequently, the SJDC had on 17 September 2009 dismissed PT APM's claims on grounds that PT APM had no legal standing to bring the action against the Astro Defendants.

Both the Astro Defendants and PT APM have since appealed to the Supreme Court and the appeals are pending determination.

(iv) Singapore Court Proceedings in relation to the enforcement of the SIAC Awards

With regard to the Singapore court proceedings in relation to the enforcement of the SIAC Awards, it was earlier disclosed that the effect of the Singapore Court of Appeal decision was that the worldwide Mareva injunctions obtained by the Astro Claimants in July 2011 have ceased to be operative. PT FM has since filed an application in court to determine whether it can claim any damages consequent on the Mareva injunctions. This application is being opposed by the Astro Claimants.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

25 DIVIDENDS

(a) The Board of Directors has declared a second interim single-tier dividend of 2.25 sen per ordinary share in respect of the financial year ending 31 January 2015 amounting to RM116,961,750, to be paid on 20 October 2014. The entitlement date for the dividend payment is 7 October 2014.

A depositor shall qualify for entitlement to the dividend only in respect of:

(i) shares transferred to the depositor's securities account before 4.00 pm on 7 October 2014 in respect of transfers; and

(ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

(b) The total dividends paid and proposed for the financial period ended 31 July 2014 is 4.5 sen per share, based on 5,198,300,000 ordinary shares (31 July 2013: 4.0 sen per share, based on 5,198,300,000 ordinary shares).

26 EARNINGS PER SHARE

The calculation of basic earnings per ordinary share at 31 July 2014 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 at 31 July 2014 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 as at 31 July 2014:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/7/2014	QUARTER ENDED 31/7/2013	PERIOD ENDED 31/7/2014	PERIOD ENDED 31/7/2013
Profit attributable to the equity holders of the Company (RM'm)	137.8	98.9	266.1	213.0
(i) Basic EPS				
Weighted average number of issued ordinary shares ('m)	5,198.3	5,198.3	5,198.3	5,198.3
Basic earnings per share (RM)	0.027	0.019	0.051	0.041

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

26 EARNINGS PER SHARE (continued)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/7/2014	QUARTER ENDED 31/7/2013	PERIOD ENDED 31/7/2014	PERIOD ENDED 31/7/2013
(ii) Diluted EPS				
Weighted average number of issued Ordinary shares (’m)	5,198.3	5,198.3	5,198.3	5,198.3
Effect of dilution:				
Grant of share awards under the management share scheme (’m)	11.8	4.7	11.0	4.7
	5,210.1	5,203.0	5,209.3	5,203.0
Diluted earnings per share (RM)	0.026	0.019	0.051	0.041

27 MATERIAL EVENTS SUBSEQUENT TO END OF THE FINANCIAL YEAR

On 1 August 2014, the Company offered shares awards of up to 7,889,600 new ordinary shares of RM0.10 each under the Management Share Scheme (“MSS”) to eligible executive and eligible employees of the Company. Details of the MSS were also set out in Section 15.4 of the Prospectus dated 21 September 2012.

The above total number of shares offered under the shares awards includes 1,065,200 shares granted to Dato’ Rohana Rozhan, the Executive Director/Chief Executive Officer of the Company, which shall vest on 1 August 2017, subject to meeting the stipulated performance targets.

Other than the above, there were no material subsequent events during the period from the end of the quarter review to 19 September 2014.

BY ORDER OF THE BOARD

LIEW WEI YEE SHARON
(License No. LS0007908)

Company Secretary
19 September 2014