Going Beyond

ASTRO ALL ASIA NETWORKS plc
Annual Report 2010

Going Beyond

ASTRO ALL ASIA NETWORKS plc (ASTRO) remains committed to its corporate responsibility initiatives. Astro Kasih is a volunteer program which provides a platform for ASTRO staff to take personal ownership towards making a difference in the community.

This year's annual report cover, our third in a series by Malaysia's renowned cartoonist, Datuk Mohd Nor Khalid, better known as Lat, portrays Astro Kasih volunteers going beyond the call of duty to do their bit for the environment by replanting corals in the pristine waters off Mabul Island, Sabah.

INSIDE

The Astro B.yond Experience

Astro TV remains committed in delivering best-in-class technology and service to its customers. Astro TV redefined broadcast history with the launch of Astro B.yond, a multi-phased innovative service starting with the first ever High Definition broadcast service into Malaysian homes in December 2009.

Moving forward, Astro TV will continue to leverage on the promise of Astro B.yond, to be at the forefront of innovation and to delight our customers with services that go beyond their expectations.

Performance

The Group measures its operating and financial performance through a number of key performance indicators (KPIs), which in turn, are cascaded down to the respective business units. The following is an extract of the KPIs that are tracked by senior management and provided to Board members on a regular basis.

	FY2006	FY2007	FY2008*	FY2009	FY2010
TELEVISION					
Subscribers					
Residential subscribers ('000)	1,784.2	2,016.3	2,272.2	2,646.1	**2,929.7**
Gross Additions ('000)	444.8	398.3	472.0	611.9	**601.1**
Net Additions ('000)	218.4	232.1	255.9	373.9	**283.6**
TV HH Penetration (%)	33.9	36.5	40.0	45.0	**48.9**
2nd Box Subscription ('000)	80.2	101.3	120.8	122.7	**120.6**
2nd Box Penetration (%)	4.5	5.0	5.3	4.6	**4.1**
Churn (%)[1]	13.4	8.8	10.1	9.7	**11.4**
ARPU (RM)[2]	79	78	82	82	**82**
CAC Per Box (RM)	749.3	666.6	697.7	704.1	**691.2**
Content Cost Per Sub (RM)	25.5	25.5	29.5	30.8	**28.9**
Content Cost as % of Revenue	29.3	29.7	32.8	34.5	**34.5**
Advertising Expenditure					
Astro Share of TV Adex (%)	11.9	13.0	11.8	11.3	**8.5**
Astro Adex as % of Total Revenue (%)	6.4	7.1	6.4	6.0	**4.8**
Financial Summary					
Revenue	1,787.0	1,978.3	2,325.3	2,657.4	**2,959.8**
CAC[3]	384.3	273.9	353.3	437.6	**436.6**
EBITDA	389.2	552.5	604.8	703.6	**845.8**
EBITDA Margin (%)	21.8	27.9	26.0	26.5	**28.6**
Free Cash Flow	453.5	658.2	644.6	472.7	**285.6**
Return on Capital Employed (%)[4]	69.1	165.3	52.7	53.7	**42.0**
RADIO					
Listeners					
Total Listeners (million)[5]	11.2	10.9	10.6	11.0	**11.0**
Total Listener Share (%)	60.5	51.8	49.5	51.2	**54.2**
Advertising Expenditure					
Radio Industry Share (%)	4.0	4.3	4.4	4.8	**5.4**
AMP Share of Radio Adex (%)[6]	79.1	73.4	67.8	64.4	**57.3**
Total Fill Rates (%)	43.7	36.7	36.5	41.8	**48.3**
Financial Summary					
Revenue	143.3	151.0	169.0	181.7	**184.1**
EBITDA	60.4	67.0	71.1	82.7	**78.8**
EBITDA Margin (%)	42.1	44.4	42.1	45.5	**42.8**
Free Cash Flow	64.9	76.7	78.3	80.1	**58.9**
Return on Capital Employed (%)[4]	17.9	26.3	103.8	70.6	**49.1**

at a Glance

	FY2006	FY2007	FY2008*	FY2009	FY2010
CONSOLIDATED					
Revenue[7]	2,012.5	2,224.3	2,601.7	2,971.5	**3,258.3**
Television	1,787.0	1,978.3	2,325.3	2,657.4	**2,959.8**
Radio	143.3	151.0	169.0	181.7	**184.1**
Library Licensing and Distribution	60.1	75.3	86.8	82.4	**67.4**
Television Programming	–	–	182.7	233.7	**250.2**
Others	260.1	313.4	405.6	416.2	**341.2**
Inter-segment	(238.0)	(293.7)	(567.7)	(599.9)	**(544.4)**
EBITDA[8]	352.3	527.5	556.5	670.5	**831.0**
Free Cash Flow[9]	300.0	353.9	(29.9)	(166.4)	**29.0**
Profit/(loss) After Tax and Minority Interest	228.6	160.4	(6.2)	(529.2)	**233.0**
Balance Sheet					
Net Cash	787.2	1,047.4	200.2	–	**–**
Cash	848.1	1,075.7	986.8	1,058.1	**683.6**
Debt	60.9	28.3	786.6	1,531.0	**1,686.0**
Total Assets	2,851.2	3,026.4	3,614.9	3,874.1	**4,007.3**
Equity	1,786.7	1,847.4	1,620.4	799.5	**890.9**
Per Share Data					
Earnings/(loss) Per Share (sen)	11.88	8.32	(0.32)	(27.36)	**12.05**
Dividend Per Share (sen)	5.0	7.0	10.0	10.0	**12.5**
Net Assets Per Share (RM)	0.93	0.95	0.84	0.41	**0.46**
Key Financial Indicators					
Debt to Equity (times)	0.0	0.0	0.5	1.9	**1.9**
Return on Assets (%)[10]	8.0	5.3	(0.2)	(13.7)	**5.8**
Return on Equity (%)[11]	12.8	8.7	(0.4)	(66.2)	**26.2**
Return on Capital Employed (%)[4]	17.0	25.6	21.7	30.0	**29.6**
Dividend Yield (%)[12]	1.02	1.30	2.6	4.7	**3.9**

RM million unless specified otherwise

* Restated according to new reportable segment

Notes:

1. Churn is the difference between total subscriber disconnections and total reconnections of previously disconnected subscribers, over the period in review.
2. Average Revenue Per User (ARPU) is the monthly average revenue per residential subscriber. ARPU is calculated by dividing monthly average revenue derived from active residential subscribers over the financial year with monthly average number of active residential subscribers during the financial year.
3. Customer acquisition cost (CAC) is the cost incurred in activating new subscribers for the period under review, in the multi-channel subscription television service, including sales and marketing related expenses and subsidised set-top box equipment costs.
4. EBITDA/(Total Assets – Current Liabilities)
5. Based on the Radio Listenership Survey by Nielsen Media Research in October 2005, 2006, 2007, August 2008 and 2009 respectively.
6. Based on Nielsen Media Research Adex Report in January 2006, 2007, 2008, 2009 and 2010 respectively.
7. The Group is organised into the following business segments:
   - Malaysian multi-channel television – provides multi-channel Direct-to-Home subscription television and related interactive television services in Malaysia.
   - Radio – provides radio broadcasting services.
   - Library Licensing and Distribution – the ownership of a library of Chinese filmed entertainment and the aggregation and distribution of the library and related content.
   - Television programming – the creation, aggregation and distribution of television programmes and content.
   - Others – magazine publishing business; interactive content business for the mobile telephony platform; Malaysian film production business; talent management; creation of animation content; ownership of buildings, Group's regional investments in media businesses and investment holding companies.
8. Earnings before interest, taxation, depreciation and amortisation (EBITDA) represents profit/(loss) before net finance costs, taxation, impairment, write-off and depreciation of property, plant and equipment, impairment, write-off and amortisation of intangible assets such as software (but excluding amortisation of film library and programme rights which are expensed as part of cost of sales), impairment of investments, share of post tax results from investments accounted for using the equity method, amounts related to costs of cessation of the DTH business proposal in Indonesia and expenses previously incurred in its development.
9. Free cash flow represents the net cash flows arising from operating and investing activities of the Group.
10. Profit After Tax and Minority Interest / Total Assets
11. Profit After Tax and Minority Interest / Equity
12. Annual dividend expressed as a percentage of the current share price. ASTRO share price as at 31 January 2010 was RM3.20.

Awards & Accolades

22nd Malaysian Film Festival

Best Film – *Papadom*

Best Actor – Afdlin Shauki for *Papadom*

Best Actress – Liyana Jasmay for *Papadom*

Best Original Story – Afdlin Shauki for *Papadom*

Best Cinematography – Mohd Nor Kasim for *Setem*

Best Editor – Faizul Mohd Noh for *Setem*

Best Music Score – Syed Ahmad Faizal for *Papadom*

Best New Director – James Lee for *Histeria*

Best Art Direction – Nazrul Asraff Mahzan for *Setem*

Best Poster – *Histeria*

Special Jury Award – *Histeria*

Anugerah Bintang Popular 2009

Most Popular Male TV Host – Aznil Hj Nawawi

Anugerah Skrin 2009 Awards

Best Talk Show – *AC?*

Best Entertainment Show – *Kemuncak Sehati Berdansa 2*

Venice Film Festival Awards

Winner of Young Cinema Award for Alternative Vision – *Sell Out*

Taipei Golden Horse Film Festival

Winner of NETPAC (Network for the Promotion of Asian Cinema) Awards – *Sell Out*

Italian Critics Poll, Cineforum

Best Film of the Venice Critics Week – *Sell Out*

World PROMAX & Broadcast Design Awards 2009

Silver Award – Best Art Direction & Design Category, Astro Awani 501 Image Spot

Bronze Award – General Branding/Image Campaign, Celestial Movie Asia Launch Campaign

Bronze Award – General Branding/Image Campaign, Celestial Classic Movies Launch Campaign

Bronze Award – Marketing Video/Presentation – Internal, Celestial Horror Movies Sales Tape

Asian PROMAX & Broadcast Design Awards 2009

Gold Award – PSA Challenge, Astro Entertainment Sdn Bhd On-Air Promos Team

Gold Award – Best Entertainment Variety Campaign, *Jangan Lupa Lirik* Launch Promos

Gold Award – Best Sales & Marketing Presentation, Celestial Horror Movies Sales Tape

New York Festivals International Television and Film Awards 2010

Bronze World Medal – Direction: Promotion Spot, *Astro Hari Raya*

Finalist Award – Direction: Promotion, *Astro Awani 7:45*

Finalist Award – Direction: Promotion Spot, *Astro Awani 2 sides*

Finalist Award – Direction: Promotion Spot, *Astro Merdeka*

Finalist Award – Editing: Promotion Spot, *Astro Merdeka*

Finalist Award – Original Music: Promotion Spot, *Astro Awani 501*

Finalist Award – Original Music: Promotion Spot, *Astro Hitz Lightbulb*

Finalist Award – Animation, *Astro Hitz Lightbulb*

Domestic Trade, Co-Operative and Consumerism Media Night 2009

TV Journalism Award – *Awani's U-Wartawan* for the episode on 'Black Money'

TV Journalism Award – *Awani's Perspektif Kita* for the episode on 'Recycle'

Festival Dokumentari Malaysia 2009 Awards

Best History and Knowledge Documentary Award – Rosly Dhoby for *Pembunuh atau Pejuang?*

Best Cinematography Award – Masjid Sultan Abu Bakar: Mawi's Wedding

2009 MPA Magazine Awards

Gold and Silver Awards under Special Interest/Niche Category – *Men's Uno*

Bronze Award under Chinese Language Women's Category – *iFeel*

Silver Award under English Language Special Interest/Niche Category – *Top Gear*

2009 inOvation Malaysia Awards

The Best Mobility Applications and Services Award – AMP iPhone radio applications

Kancil Awards 2009

Merit Award – Radio Category for AMP's Commercial 'Domestic Violence' for Antimos

Merit Award – Radio Category for AMP's Commercial 'Movement' for Penfurnex

16th Taiwan Times International Chinese Advertising Awards

Finalist Award – Radio Category for AMP's Commercial 'Movement' for Penfurnex

Longxi International Chinese Advertising Awards

Merit Award – Radio Category for AMP's Commercial 'Nasty Mouth' for Leaf Fresh

3rd Annual National Islamic Media Awards 2009

Best Islamic Magazine Award – Rasa Halal Orient, Xian China

Best Islamic Talkshow Award – Maulidur Rasul for *Wasiat Kepada Kaum Hawa*

Best Male Actor – Islamic Drama, Abdul Razak Ahmad for *Taubat*

Islamic Programme Best Male Host – Ybhg Dato' Abu Hassan Din AL Hafiz for *Bicara Kifayah*

Islamic Programme Best Female Host – Ybhg Dato' Dr Fatma Al Zahra for *Ar Rayyan*

World TV Innovation Awards 2009

Winner – Innovations in Interactive TV, Astro@15

Putra Brand Awards 2010

Gold Award under Media and Entertainment Category

Cable & Satellite Broadcasting Association of Asia (CASBAA)

Winner – Chairman's Award

Malaysian HR Awards

Silver Award – Human Resources Excellence Category

Association of Chartered Certified Accountants Malaysia Sustainability Reporting Awards 2009

Commendation – Stakeholder Inclusion and Engagement

StarBiz-ICR Malaysia Corporate Responsibility Awards 2009

Finalist – Market Capitalisation of RM1 billion and Above Category

March 2009

Celestial Pictures launches Celestial Classic Movies on StarHub TV, Singapore's largest pay-TV platform

May 2009

FHM, a men's lifestyle and entertainment magazine and Style, a fashion and beauty magazine, launch their first issue

Astro launches a new subscription package - Mustika pack which comes with three new channels

August 2009

Prime Minister of Malaysia Dato' Sri Mohd Najib Tun Abdul Razak launches Astro Kasih, a Corporate Responsibility initiative

September 2009

FourFourTwo, the world's no.1 football magazine launches its first issue

AMP, the first radio broadcast company in Malaysia to create radio streaming applications using grid casting technology for the iphone featuring our top four vernacular stations, ERA, MYFM, hitz.fm and THR Raaga

Calendar Highlights

June 2009

Astro launches Kampus Astro on Wheels, an extension of the Kampus Astro educational outreach programme

MEASAT-3a successfully launches into orbit

July 2009

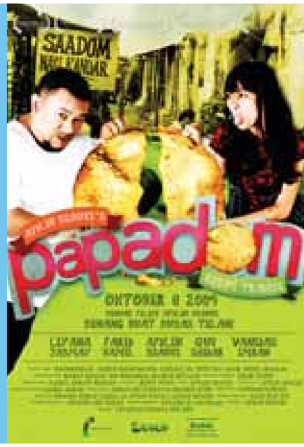
ASTRO introduces Stadiumastro Fantasy in conjunction with the launch of Stadiumastro.com, Malaysia's first premium sports portal delivering International and local sports news to Malaysians via the Internet and Wireless Application Protocol

STADIUM astro

STADIUM ASTRO FANTASY

October 2009

Tayangan Unggul releases *Papadom*, a drama comedy film launched in Malaysia



November 2009

ASTRO was awarded the prestigious Cable and Satellite Broadcasting Association of Asia Chairman's Award 2009 for its ability to achieve continuous sustainable growth over a 12-month period

Astro SUPERSPORT 2, a new sports channel makes its debut on Astro channel 816

astro SUPERSPORT 2

astro b.yond

An experience like never before

HBO HD

ESPN HD

H HD HISTORY

astro SUPERSPORT HD

NATIONAL GEOGRAPHIC CHANNEL HD

December 2009

Astro launches Astro B.yond, a multi-phased innovative service offering starting with the first ever High Definition (HD) broadcast service. Introduced 5 HD channels – HBO HD, National Geographic Channel HD, HISTORY HD, Astro SUPERSPORT HD and ESPN HD

Tayangan Unggul releases *Duhai Si Pari-Pari*, a comedy film launched in Malaysia

January 2010

Murai.com.my, our entertainment portal, celebrates its 2nd anniversary and launched a fresh new look and a fashion section called *Stailista*

stailista

Letter from the Chairman

ASTRO has come a long way from when it was listed on Bursa Securities on 29 October 2003 to where it is today as Malaysia's leading multimedia services provider and recognised as a growing force in regional markets.

Dear Shareholders,

It is my pleasure and privilege to present the Annual Report of ASTRO ALL ASIA NETWORKS plc (ASTRO) for the financial year ended 31 January 2010. I also want to take this opportunity to update you on the offer made by Astro Holdings Sdn Bhd (AHSB) to take-over the company and withdraw the listing of company's shares from the Official List of Bursa Malaysia Securities Berhad (Bursa Securities).

TAKE-OVER OFFER AND DELISTING

To recap, on 30 April 2010, CIMB Investment Bank Berhad, wrote to shareholders on behalf of AHSB, a company owned by Usaha Tegas Sdn Bhd, its affiliates and Khazanah Nasional Berhad, offering to acquire all the ASTRO shares not already owned by AHSB and persons acting in concert with it for a cash consideration of RM4.30 per share. AHSB's offer was premised on its belief that ASTRO will require substantial capital outlay to further grow its products and service across the Group and expand its regional footprint; that this is likely to put pressure on the earnings, gearing and the liquidity position of the Group which, in turn, may adversely affect the dividend payment capacity of ASTRO; and that taking the company private would allow for greater operational and financial flexibility in these circumstances.

On 10 May 2010, a circular was distributed to shareholders containing a recommendation from Public Investment Bank Berhad that you accept the offer based on their independent assessment of it and a letter from the Board (save for the directors who were deemed interested in the offer) concurring with this recommendation. As at the close of the offer on 3 June 2010, AHSB owned 99.32% of ASTRO shares and has advised the Board that it intends to exercise its right to compulsorily acquire the remaining shares from shareholders who did not accept the offer.

On 14 June 2010, ASTRO was de-listed from the Main Market of Bursa Securities, bringing to a close this particularly important chapter to our history. ASTRO has come a long way from when it was listed on Bursa Securities on 29 October 2003 to where it is today as Malaysia's leading multimedia services provider and recognised as a growing force in regional markets. This would not have been possible without the support of the many shareholders who shared the vision that the Board has for the Group, and for that I offer you my sincere gratitude.

BUSINESS REVIEW

On the business front, ASTRO turned in an encouraging performance in FY2010. We grew our revenue by 10% to register a record RM3.3 billion, while Group EBITDA rose 24% to RM831 million, or a margin of 26%. In Malaysia, the Group's multi-channel television business gained some 284,000 net new customers giving us a total customer base of 2.93 million households or 49% penetration of total Malaysian TV households at the year's end. In December 2009, we launched Astro B.yond, our next generation TV service platform, featuring Malaysia's first High Definition (HD) broadcast which will be followed by a range of other new services designed to significantly increase our customer's viewing choices. Our radio business delivered 1.3% revenue growth in a challenging market and confirmed our position as the No. 1 radio network in Malaysia.

On 29 March 2010, MEASAT Broadcast Network Systems Sdn Bhd (Astro), a subsidiary of ASTRO, received three new licenses – Content Applications Service Provider, Network Service Provider and Network Facilities Provider licences – which were issued pursuant to the Communications and Multimedia Act 1998 (CMA). These new licenses were granted in respect of Astro's migration to the CMA regulatory framework regime. I would like to extend my thanks to the Ministry of Information, Communication and Culture and the Malaysian Communications and Multimedia Commission for their ongoing support and the cooperation given during the whole process of Astro's license migration.

In India, our joint venture, Sun Direct TV, continues to perform to expectations as it leverages on the strong demand for digital pay-TV services and India's favourable regulatory framework. We also increased our direct equity stake in South Asia FM Ltd, our FM radio venture, to 20%. In the Middle East we completed a 29% equity investment in Gulf Digital Media Holdings BSC (C), our joint venture with the Saudi Telecommunication Company and Saudi Research Marketing Group and in Australia we acquired a 32% equity stake in Media Innovations Pte Ltd, a new venture providing IPTV services.

In February 2010, an arbitral tribunal awarded ASTRO approximately USD230 million in restitution for costs incurred in the provision of services and advances to PT Direct Vision in Indonesia against a number of entities in the Lippo Group. We are now seeking to register and enforce the awards.

IN CLOSING

As we close this chapter of our history, I wish to extend my sincere thanks to all our customers, staff, business partners, governmental and regulatory agencies in the markets in which we operate and, of course, you our shareholders, whose support has been crucial to what we have achieved so far.

Dato' Haji Badri Haji Masri
Chairman
18 June 2010

DATO' HAJI BADRI HAJI MASRI

Chairman and Non-Executive Director

Malaysian, age 66, joined the Board in July 2003 and was appointed its Chairman in August 2003. He served in various government ministry posts up to 1996, including that of Director General of Tourist Development Corporation of Malaysia and Director of the Budget Management Division of the Ministry of Finance of Malaysia.

Dato' Haji Badri graduated with a BA in Malay Literature from the University of Malaya and an MA in Political Science from King's College University, London. He was awarded the Heinz Fellowship from the University of Pittsburgh.

He is a director of Asia Pacific Land Berhad (listed on the Bursa Securities). He has held various posts in the private sector including business development advisor of DFZ Capital Berhad (listed on the Bursa Securities), chairman/managing director of Pelikan International Corporation Berhad (listed on the Bursa Securities) and chairman of SapuraCrest Petroleum Bhd (listed on the Bursa Securities).

RALPH MARSHALL

Deputy Chairman/Group Chief Executive Officer

Malaysian, age 58, joined the Board in July 2003. He was appointed as Executive Deputy Chairman and Group Chief Executive Officer in August and September 2003 respectively and on 1 February 2007, he was re-designated as the Deputy Chairman. He re-assumed the additional responsibilities of Group Chief Executive Officer in April 2008.

He is an Associate of the Institute of Chartered Accountants in England and Wales, and a Member of the Malaysian Institute of Certified Public Accountants and has more than 30 years experience in financial and general management.

He is an executive director of Usaha Tegas Sdn Bhd ("UT"), Tanjong Public Limited Company (listed on the Bursa Securities and the London Stock Exchange plc) of which he is also the executive director, in which UT has significant interests. He also serves as a non-executive director on the boards of directors of several other companies in which UT also has significant interests viz. Johnston Press plc (listed on the London Stock Exchange plc) and Maxis Berhad (listed on the Bursa Securities).

In addition, he is also a director in an independent non-executive capacity and the chairman of the Audit Committee of KLCC Property Holdings Berhad and a non-independent non-executive director of MEASAT Global Berhad, both listed on the Bursa Securities.

Board of Directors' Profiles

DATO' MOHAMED KHADAR MERICAN

Non-Executive Director/Independent Director

Malaysian, age 54, joined the Board in August 2003. He is also the chairman of RHB Capital Berhad and a director of AirAsia Berhad, both listed on the Bursa Securities. He also sits on the boards of several other companies within the RHB group, as well as other private companies.

Dato' Mohamed Khadar has over 25 years' experience in financial and general management. He is a Member of both the Institute of Chartered Accountants in England and Wales and the Malaysian Institute of Accountants.

He had served as an auditor and a consultant in an international accounting firm before joining a financial services group in 1986. Dato' Mohamed Khadar had held various senior management positions in Tradewinds Corporation Bhd (listed on the Bursa Securities) between 1988 and 2003, including as president and chief operating officer.

BERNARD ANTHONY CRAGG

Non-Executive Director/Independent Director

British, age 55, joined the Board in September 2003. He is also a director of Workspace Group plc, Mothercare plc and Progressive Digital Media Group plc, all listed on the London Stock Exchange plc.

Bernard is a Chartered Accountant by profession and had spent over 8 years in Price Waterhouse. He has a degree in Mathematics from Liverpool University.

He formerly held various senior management positions in Carlton Communication plc (listed on the London Stock Exchange plc) for over 17 years including as its group financial controller, company secretary and group finance director. Bernard has previously served as chairman of Datamonitor plc and i-mate plc (both listed on the London Stock Exchange plc) as well as a director of Arcadia Group plc and Bristol & West Plc, a part of the Bank of Ireland (UK) Financial Services.

CHIN KWAI YOONG

Non-Executive Director/Independent Director

Malaysian, age 61, joined the Board in March 2006. He was an audit partner with PricewaterhouseCoopers from 1982 until his retirement in 2003. During his tenure as partner, he was an executive director in charge of the Consumer & Industrial Products & Services Group. He also served as director of the Audit and Business Advisory Services Division, and of the Management Consulting Services Division.

Kwai Yoong is a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Malaysian Institute of Certified Public Accountants as well as the Malaysian Institute of Accountants.

He has extensive experience in the audits of major companies in the banking, oil & gas and automobile industries as well as in the heavy equipment, manufacturing, construction and property development sectors. He was also involved in corporate advisory services covering investigations, mergers & acquisitions and share valuations.

He is a director of Deleum Berhad and Genting Berhad, both listed on the Bursa Securities, and of Syarikat Prasarana Negara Berhad. Kwai Yoong was recently appointed as a director of Bank Negara Malaysia.

Management Team

Dato' Rohana Rozhan
Chief Executive Officer - MBNS*

Ross Pollack
Chief Executive Officer - Celestial Pictures

Ken Wang
Executive Director - China

* MEASAT Broadcast Network Systems
** Astro Entertainment
*** Airtime Management & Programming

Grant Ferguson
Chief Financial Officer - ASTRO

Zainir Aminullah
Executive Director - AESB**

Dato' Borhanuddin Osman
Executive Director - AMP***

Lakshmi Nadarajah
General Counsel - ASTRO

Raghvendra Madhav
Executive Director - India

Louis Foo
General Manager - MEASAT Publications

Business and Financial Review: ASTRO in Malaysia

> "Our customers are at the heart of everything we do. They inspire us to continuously evolve through innovation. From entertaining and enriching content to technology which enhances viewing experience; from continuous drive for operational excellence to delivering best-in-class products and services, we strive to go beyond to delight our customers and to serve the communities we live in."

DATO' ROHANA ROZHAN Chief Executive Officer, MEASAT Broadcast Network Systems (Astro TV)

ASTRO TV: DELIVERING BEYOND EXPECTATIONS

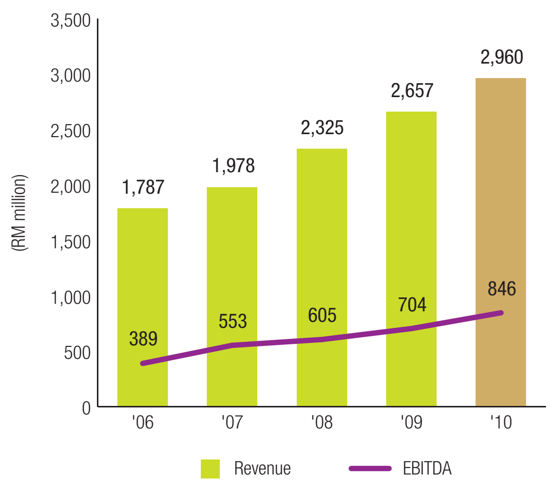
In 2010, the Malaysian multi-channel television (Astro TV or pay-TV) business focused on reinforcing loyalty and consolidating its strong customer base by committing to a strategy of delivering beyond expectations. This strategy was followed through at all levels, from content, pricing and packages to quality and customer service. The highlights of the year were the launch of the nation's first high-definition (HD) service which heightened Malaysians' viewing pleasure; and the collaboration with ESPN to acquire the broadcast rights for the prestigious Barclays Premier League (BPL) which included Malaysians in its worldwide audience.

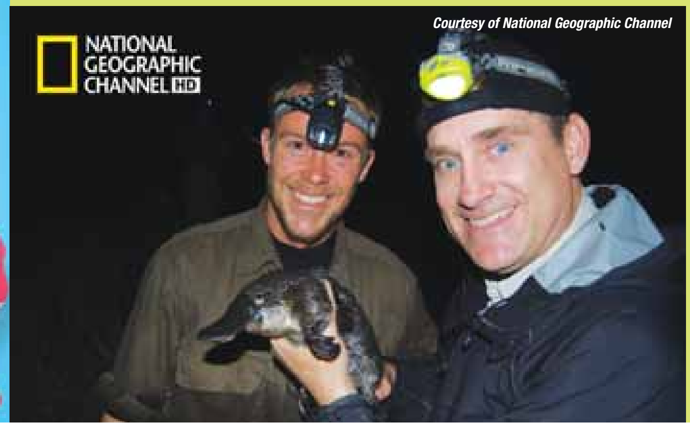
Astro TV performed positively in the year under review, achieving a record-breaking EBITDA of RM846 million, reflecting a 20% increase or RM142 million over the previous year's EBITDA. Total revenue increased by 11% or RM302 million, to RM2,960 million as at 31 January 2010. This was mainly due to the significant improvement of RM328 million in subscription revenue contributed by the launch of the Mustika package in May 2009 followed by the price revision of the Sports package in August 2009. The Mustika package attracted more than 309,000 customers in less than 9 months of its launch, adding to our Average Revenue Per User (ARPU) which ended at RM82 as at 31 January 2010.

television

Kampus Astro provides learning content and experiences through a holistic approach on air, online and on ground. Kampus Astro on Wheels, our educational outreach programme brings hands-on learning experiences to the community through a mobile classroom nationwide.

Revenue and EBITDA – Astro TV





In terms of customer growth, Astro TV enjoyed another record year with the signing on of 601,000 new customers of which 284,000 were net additions. As at 31 January 2010, Astro TV had registered a total customer base of 2.93 million or 49% penetration of all Malaysian TV households, with 61% and 27% in the urban and rural areas respectively. We are encouraged by this indication that Astro is the preferred choice in Malaysian homes across all ethnic groups. By the year's end, Astro TV was supported by 1.7 million Malay customers, 679,000 Chinese customers, 319,000 Indian customers and 222,000 customers from other ethnicities. Since approximately one in every two Malay homes is an Astro customer, we will initiate more strategies to grow the Malay market.

As a result of strategic marketing campaigns, Astro TV's new customers showed interest in signing up for more than just the basic entry-level packages, with three in four taking up additional packages. The Learning Package comprising Discovery Channel, National Geographic Channel, Discovery Science, HISTORY and Animal Planet, was the most popular package among new customers, followed by the Sports Package which includes Astro SUPERSPORT, ESPN, STAR Sports, Eurosport, Golf Channel and many more channels.

GOING BEYOND TO KEEP CUSTOMERS DELIGHTED

A simple commitment drives us to constantly seek out our customers, understand their needs and innovate to meet their preferences. Today, our customers are defined beyond race, cultural and economic lines. We are looking beyond a household to the individuals that make up the household. In order to meet the diverse needs of these individuals, we are committed to providing best-in-class international and localised content on our 119 channels which include 31 Astro branded channels as at 31 January 2010. As such, we invested more than RM311 million in local and localisation of foreign content in the year under review to meet the increasing demand for local content.

In addition, Astro TV also delivered more than 38,000 first run hours providing customers with more fresh content. More than 12,000 hours of programmes were sub-titled in their respective vernacular languages so that our diverse customer segments could have an equal opportunity to enjoy these programmes.

television

Courtesy of Getty Images

Customers responded favourably to our collaboration with key channel partners to introduce Malaysian elements in signature programmes such as *The Biggest Loser Asia, The Amazing Race Asia,* and local vignettes featuring Dr Faiz, Malaysia's second astronaut, on HISTORY, plus much more. All these activities lent added value to customers' experience of Astro TV.

THE ASTRO B.YOND EXPERIENCE

Alongside the efforts to own and adapt compelling content, we quickly adopted next-generation technology to stay ahead of consumer trends. Significant investments have been made that will enhance our services in the linear space while at the same time propel us towards a complete offering that encompasses the internet, interactivity and mobility.

On 11 December 2009, Astro launched the first HD service in Malaysia under the new brand, Astro B.yond. The service provides customers with Dolby Digital 5.1 Surround Sound, an enhanced Electronic Programming Guide (EPG), On-screen Programming Information Guide and the recently launched Personal Video Reorder (PVR). Soon, next generation Pay-TV services such as Video-on-Demand (VOD) will be made available. Customers were also offered a lifetime warranty with the new Astro B.yond box. We rolled out Astro SUPERSPORT HD, HBO HD, National Geographic Channel HD, HISTORY HD in December 2009 and ESPN HD in January 2010. More HD channels have been planned for rollout during FY2011.

Customers responded positively to the launch of Astro B.yond, and we plan to bring this leading box technology to a wider audience. The presence of about one million Plasma and LCD TVs in the market place makes it economically viable to meet customers' preference for HD content.

At the same time, our Direct-to-Home satellite technology (which has covered the entire geography of Malaysia from day one) continues to be the most cost-effective way for our customers in the lower density rural areas to enjoy the Astro TV experience, giving us a comfortable position as the preferred choice among two million rural homes.

STRENGTHENING OUR SPORTS OFFERING

We are going into FY2011 with a strong offering of 10 best-in-class sports channels including the new local sports channel, Astro ARENA, the ESPNews channel and two HD sports channels, namely ESPN HD and ASSP HD. The action which began with the live coverage of Formula 1 (April 2010) and the Thomas and Uber Cup 2010 Finals (May 2010), will continue throughout the year with all live match coverage of the FIFA 2010 World Cup (June 2010), comprehensive coverage of the BPL (August 2010), the Commonwealth Games (October 2010), the Asian Games (November 2010) and the widest coverage of local sports on Astro ARENA. With the roll-out of the PVR service, our sports customers will emerge the ultimate winners in all sporting events.

As Malaysia's first and only local sports channel, Astro ARENA (launched on 26 March 2010 on Channel 801) offers customers 24-hour non-stop coverage of major regional and local sporting events as well as in-depth and extensive news coverage of matches and developments concerning local sports and athletes. Through Astro ARENA, we fulfill the niche for local sports content while helping inculcate a keen interest

television


Courtesy of Getty Images

in sports among the younger generation, motivating them as well as nurturing their sense of sportsmanship and competitiveness. Delivered primarily in Bahasa Malaysia, Astro ARENA talks directly to Malaysian youths and is available to all Astro customers under its Family Package, making it a very attractive and wholesome offering.

Reinforcing Astro's "home of sports" status in customers' minds, we launched Astro SUPERSPORT 2 (ASSP2) on Channel 816 under the Sports Package, offering an array of exciting global programmes. These included BPL Club channels, BWF Badminton, ATP Tennis, Italian Serie A and French Ligue 1, in addition to top American favourites like the National Football League and National Hockey League. We continue to expect strong growth from this channel given the inclusion of new programmes and added hours of fresh sports content.

Topping our investment in sports content, Astro TV in collaboration with ESPN Star Sports secured a new three-year agreement beginning 2010 to exclusively broadcast the BPL in Malaysia. Coverage of the popular BPL would take a 360 degree approach, which means sports customers get to watch all 380 matches with highlights and selected key live matches being simulcast over the internet and mobile means. Plans to develop BPL-related support programming in vernacular languages will add further value to customers.

Underpinning all these premium sports offerings, Astro B.yond adds extra value to the Astro experience which brings customers enhanced viewing pleasure and elevates their level of enjoyment.

As sports content is understandably costly, Astro TV's investments in this segment have been increasing significantly by an annual rate in excess of 30% for the last three years. Despite the rigid cost disciplines and efforts to absorb the exponential rise in cost, the rocketing prices of sports content has placed extreme pressure on our financial performance. With effect from 1 August 2009, a price revision of the Sports Package was implemented so that we could continue to bring customers world-class sporting events. Customers' response indicated that we have their continued support as Astro remains their first choice for sports content.

BEING FIRST FOR OUR CUSTOMERS

Astro TV is committed to continually differentiate itself from other TV networks by innovating content that caters to a diverse range of customers. We have been successful in entrenching ourselves with customers through the timely introduction of signature programmes.

These include Astro's No.1 reality talent show *Akademi Fantasia* and Astro's No.1 comedy show, *Raja Lawak*. Both these programmes extended their reach beyond TV audiences to on-ground participants through compelling events in suburban and rural areas that saw wider engagement with Malaysian consumers.

The newly-launched Mustika Package incorporating the popular Astro CITRA, Astro WARNA and B4U channels for Malay audiences, also enjoyed a strong following, demonstrating that we have successfully satisfied customer demand for quality local and regional programming. Where Chinese and Indian audiences are concerned, we continue to produce quality local programmes that appeal to these segments respectively. One popular programme, *My New Village Stories*, a Chinese documentary depicting different aspects of new villages which have been in existence in Malaysia for sixty years, aired over Astro AEC in April 2009. *Vaanavil Super Star*, an Indian talent competition that tests the contestants from various angles such as singing, dancing and acting continues to obtain tremendous support from our viewers.

Throughout the year, Astro introduced a wide variety of innovative content format and initiatives that constituted several firsts for our customers. These included:

- *The NegaraKU - The Best of 1Malaysia campaign* where Astro collaborated with content providers to cohesively schedule the Best-of-Malaysian programmes in conjunction with Malaysia's 52nd National Day celebration. Astro customers were given access to more than 170 programmes that showcased Malaysia's rich diversity, achievements, personalities, cultures and pristine natural beauty to the world.

- *Woo Hoo*, a Malaysian-Chinese movie conceptualised by Astro TV and successfully produced by an external party in partnership with Astro Shaw. The movie registered a record-breaking total box office of around RM4.2 million, and was ranked third in the list of Chinese New Year movies, ahead of other Hong Kong productions. *Woo Hoo* was directed by Astro's in-house film director and featured Astro TV in-house talents as a cross-platform collaboration with our radio and film distribution divisions. The movie was an exceptional success story that our customers can also take pride in.

- *Fun Tuition* launched on Astro XIAO TAI YANG, takes the format of a daily tuition series for Chinese primary school students to improve the command of the three main languages spoken in Malaysia, namely Bahasa Malaysia, English and Mandarin. Based on the Malaysian school syllabus, the series has contributed to an increase of 69% in viewers compared to the same period in the previous year.

- Astro TVIQ, Astro's learning channel was revamped and expanded to strengthen its relevance to the Malaysian school syllabus. This move significantly improved viewership by more than 130%, a clear demonstration of support from school-going audiences.

- Astro also expanded its educational offering by going beyond TV into online and on-ground activities. The participation in the *Battle-of-the-Brain* trial exams made available online showed a 39% increase.

BEYOND ENTERTAINMENT, TOWARDS LIFELONG LEARNING

In line with Astro's commitment to go beyond by providing our customers with a distinctive quality experience via premium programmes, we reviewed our learning proposition for schools and families via Kampus Astro. In adopting a 360 degree approach through Kampus Astro's four main pillars, namely Life Skills, Academics, Community Activities and On-Ground Events, we continue to pursue a holistic education proposition that will make an impact among young Malaysians through world-class educational content and services in schools.

Launched in 2008 via Astro's flagship education platform, Kampus Astro is systematically delivering its target of providing Astro decoders, TV sets and access to 13 international and local learning channels to over 10,000 primary and secondary schools and Teachers' Activity Centres *(Pusat Kegiatan Guru or PKG)* nationwide by early 2011.

In 2009, Kampus Astro made strong headway in bringing holistic content and experiences to young students. From February 2009 to January 2010, some 824 schools were equipped with the Kampus Astro service, providing more than 500,000 students access to world-class education.

In FY2010, more than 172 hours of fresh local content were tailored to supplement the Malaysian school syllabus. This included *UPSR! PMR!*, *The English Room* and *Dunia Adik* aired over the revamped Astro TVIQ learning channel; *XTY Fun Tuition, Di Zi Gui* and *IQ Xiao Tai Yang* aired over Astro XIAO TAI YANG; and *UPSR Vetri Unggal Kaiyile, Enggal Tamil Iniya Tamil* and *Vizhuthugal* aired over Astro VAANAVIL. In addition to these initiatives, Astro also aired over 300 short lessons or "learning minisodes" which focused on academic learning and life skills.

In the year under review, Astro's initiatives in education remained at the centre of our corporate responsibility (CR) programmes. In 2009, a total of eight young Malaysians under the Astro Scholarship Awards programme graduated in their chosen fields of study. Since then, they have been deployed in various positions throughout the Group where their qualifications and personal interests could be best applied. The Astro Scholarship Awards Programme was set up five years ago as an avenue for deserving young Malaysians to pursue their tertiary education. To date, a total of RM8 million has been disbursed to 36 young scholars who have studied or are studying locally and abroad.

BEYOND THE MALAYSIAN STAGE

In the year under review, Astro also intensified efforts to promote and manage local talent by providing opportunities for our young people to go beyond Malaysia and step up to the global stage. Chen Keat Yoke, second runner-up in our 2009 Astro Star Quest, won the TVB8 International Chinese New Talent Singing Championship 2009 where she clinched the "Golden Award" and "Perfect Vocalist" award. Dharshani, champion of Astro's Vaanavil Super Star 2009 went on to perform at the Tamil Movie.com Award Show in India, a remarkable achievement for such a young artiste given the more accomplished performers of that country. Going forward, Astro will continue to invest in uniquely Malaysian content, talent and aggregation.

OUTLOOK

Astro enters FY2011 in a good position having put in place a holistic delivery system that encompasses our broadcast centre, satellites, set top boxes and dishes as well as compelling content to customers. We will continue to extend and build on our deliverables by continually evolving our products and services, and by getting onto the roadmap of global best-in-class practices. Our business growth will be secured through investments in key differentials that will enable us to continue offering strong value propositions to our customers.

Growth via Technological Advancements

We will continue to improve our technology infrastructure and strengthen our technology roadmap to develop compelling content and deliver world-class operational excellence. With the deployment of end-to-end HD infrastructure and our M3 and M3a satellites already in place, Astro has the bandwidth to offer 156 Standard Definition channels and 30 HD channels. The additional satellite also helps ensure we have a back-up capability for continuity of services, allowing us to provide customers uninterrupted enjoyment.

Customer take-up of Astro B.yond services has been encouraging and we expect it will accelerate with the commencement of the FIFA 2010 World Cup season and when more HD channels are launched.

Looking ahead to 2011, we are enabling connectivity on the next-generation Astro B.yond box which will deliver PVR and VOD functionality as well as IP connectivity, along with more HD channels. We will leverage our Astro One Platform to deliver satellite DTH, IPTV, VOD, online, mobile and other advanced services from a single unified infrastructure providing customers a new viewing experience on Astro B.player online and mobile applications.

television

Courtesy of HBO Channel

Enabling Stronger Customer Interaction

For the year-to-date, Astro has acquired a healthy customer base of nearly three million customers through a focused strategy that offers product superiority, box subsidies and marketing activities. This three million customer base provides the critical mass for operational efficiency since it will give Astro the edge in content cost per customer, whether in the context of negotiation with content suppliers or the development of Astro's own productions. This critical mass is also advantageous for our investments in IPTV technology, interactive capabilities, customer relationship management (CRM) and billing system, customer service operations, as well as marketing and advertising.

For the urban customer base, Astro will continue to offer ARPU-enhancing activities that include up-selling packages, seasonal content and events, Box Office movies and sports, VOD, subscriptions to HD as well as the recently launched PVR services. In urban segments already exceeding 75% penetration, Astro will scale down on new acquisition and concentrate on customer retention and ARPU management. Astro will step up marketing efforts to sign up new rural customers to grow this segment. In line with these expansion strategies, Astro will invest in infrastructural improvements and work with other service providers to facilitate more payment points in East Malaysia and other less developed areas.

Moving forward, a state of the art end-to-end CRM programme and billing system will be implemented to serve customers more efficiently. This new system to be deployed in a few phases over a 12-month period and scheduled to start by the third quarter of FY2011, will enhance customers' experience of Astro products and services. As part of the enhancements to the whole end-to-end service experience, customers will be provided with a range of convenient online services to self-manage their subscriptions and payments, hence significantly reducing the need for calling our service hotline or visiting our customer service centres.

As part of our commitment to keep customers delighted beyond expectations, we will continue to deploy the AstroLife promise to reward customers with loyalty programmes. This reinforces our mission to make every customer feel valued through their on-screen and off-screen experiences with Astro.

Commitment to Innovation

Innovation has always been the driving force behind every facet of our business, from developing content to leveraging on cutting-edge technology for operational excellence and rolling out quality customer experiences.

Looking beyond, we will continue to deliver sustainable growth by constantly refreshing and customising our content while we introduce compelling products and services that are relevant to the lifestyle needs of our customers. We will explore all avenues to serve customers better and these will include analytical segmentation to understand individuals in households and their respective needs.

To ensure all these initiatives work smoothly alongside each other, we will seek ways to streamline and optimise our organisational structure so that product development, customer growth, customer care and experience enhancement activities, customer retention and loyalty programmes are implemented in the most effective and timely manner. Astro's core competency as a creator, aggregator and distributor of content, as well as our strong relationship with customers will always be the distinctive features that will make Astro the preferred choice of Malaysians.

> Generating content beyond today's expectations requires a foresight of ***what*** future viewers want to consume and a firm comprehension of technology to understand ***how*** they would consume it. We have the infrastructure to equip us with both.

ZAINIR AMINULLAH Executive Director, Astro Entertainment

TV PROGRAMMING

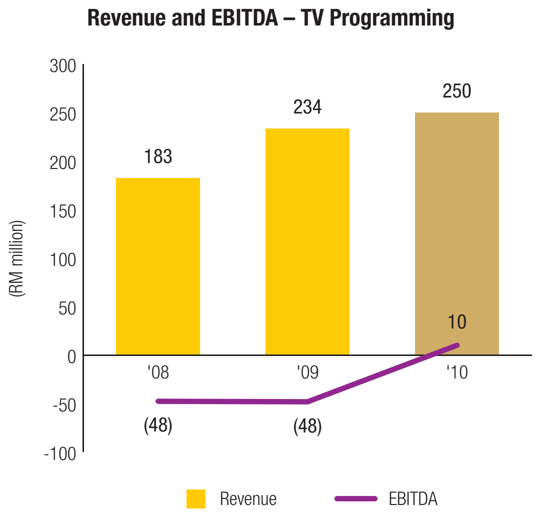
Local language TV programming remains a key focus for the Group and continues to be one of the key drivers for further customer growth. In FY2010, we stepped up the pace of our content development efforts to meet demands of our ever-evolving customer base. By the end of FY2010, our customer base stood at 2.93 million and we had 49% penetration of TV households. Of significance is the fact that the Malay TV household penetration rate has surpassed 54% and that over 79% of our net additions were from the Malay market. As such, the production of local content, particularly for the Malay-speaking population, continues to be a key focus. Reflecting our commitment to Bahasa Malaysia content, the unit broadcast 6,062 hours of first-run original Bahasa Malaysia content in the financial year, more than a 38% increase over the previous year. Group subsidiary, Astro Entertainment Sdn Bhd (AESB), continues to spearhead our Bahasa Malaysia content development activities with an annual budget of over RM200 million and is expected to extend its support to this important market segment.

During the year, our TV programming segment delivered a broad selection of exclusive programmes that included current affairs, reality shows, dramas and game shows. Revenue for this segment rose 7% to RM250 million from RM234 million a year earlier while it maintained its channel share with an average of 34.2% of Astro TV viewers watching the eight Astro branded channels under AESB.

Extensive resources also went into developing new signature programmes and other formats to refresh existing all-time favourites like *Akademi Fantasia*. This highly popular reality talent show had a viewership of 1.2 million during the May 2010 finals, confirming it is still going strong even though it is in its eighth successive season. We scored another hit with *Raja Lawak*, the comedy talent quest show which had a viewership of 1.25 million in the finals of its fourth season, while *Sehati Berdansa*, finished its third season with 863,000 viewers. Other favourites, like Jangan *Lupa Lirik!*, a game show hosted by Malaysia's favourite host, Aznil Hj Nawawi, has now returned after a successful second season which saw its viewership reach its peak of 1.2 million.

content

Our Malaysian target audiences are segmented by language, geography and income and we are committed to meeting the diverse needs of these different groups through local content or localised foreign content on our 31 Astro branded channels.



FY2010 saw an abundance of dramas and telemovies being developed at AESB. The story of an aspiring flight attendant, Dania, captured many of our viewers' heart when the first season of *Awan Dania* launched in October 2008. Its success has led to the birth of the second season which is garnering an average viewership of more than 585,000 for Astro RIA. *Mertua vs Menantu* on Astro PRIMA ended on a high with viewership almost reaching the 900,000 mark during the finale, while telemovies *Halimah Jongang, Embun Terbakar and Bujang Sepah Silalalitamplom* registered close to 800,000 viewership each.

Two unique dramas that were launched in FY2010, *Kau dan Aku* and *Qalesya*, brought the Astro MegaDrama brand to new heights. *Qalesya*, a lovely story about children discovering life and their inner selves as they go through their journey in a religious school, attracted a constant set of viewers daily making it a permanent fixture post-*Iftar* in the month of Ramadan. The entertainment drama *Kau dan Aku* is AESB's first attempt at a musical which features popular talents from *Akademi Fantasia* such as Aril, Akim and Mila. The success of the programme is credited to the massive viral following, radio airplay and press coverage it received prior to the show launch in October 2009.

As part of our efforts to satisfy customer demand for quality local and regional programming, we introduced two Malay-language Astro-branded channels under the newly launched Mustika pack – namely Astro CITRA and Astro WARNA. Astro CITRA showcases the best local and Asian blockbuster movies, Malay premieres, Malay epic series and all time favourite Malay movies; while Astro WARNA features all time favourite Malay comedies sitcoms, dramedies, sketches and comedy gameshow featuring local comedians like Afdlin Shauki, Zizan, Nabil and Harith Iskander.

Several new programmes debuted during the year. These included the *Suatu Ketika* campaign which encompasses a documentary programme aired on Astro PRIMA featuring specific monumental events in Malaysian history; and a mini-drama series on Astro CITRA that took viewers through a melodramatic re-enactment of events loosely based around actual historical events. Our Islamic lifestyle channel, Astro OASIS took current affairs coverage to a new level with its first daily 60-minute news and current affairs programme *called Khabar Haji*. Produced in collaboration with Iqraa TV Saudia Arabia, *Khabar Haji* was broadcast live from the Holy City of Mekah in Bahasa Malaysia in conjunction with the 1430 Hajj season. This programme not only had a Malaysian audience but also Muslim viewers from the Middle East and from around the world.

content

FY2010 also saw us creating content for our first-ever animated production for AESB, *Mat Kacau*, a 100% local effort produced in collaboration with a renowned local animation studio. The 26 two-minute episodes aired on Astro CERIA and featured *Mat Kacau*, a character originating from the Astro CERIA game show *Gerak Geri Gasing*, where the character gained notoriety for disturbing the show's participants. This exclusive property has attracted the interest of broadcasters around the world.

During the year, we supplied a catch-up channel for signature programmes broadcast on Astro RIA and Astro ARUNA to Singapore Telecom for its Internet Protocol TV (IPTV) platform, MioTV on the Astro World channel. This channel features a good mixture of genres and a variety of the most creative Nusantara TV dramas and entertainment content.

The provision of compelling original content is central to our aim of delivering high quality and relevant programming to our TV audiences and we rely heavily on fresh ideas and new talent for this purpose. This is why our support of the community, particularly the youth and those involved in the performing arts, is a key component of ASTRO's corporate responsibility programme. In line with this, we lent support to the Nextgen Contentpreneur Awards. Now in its second year, this project aims to reward tertiary students for content excellence in the short content, documentary, music video, website and animation categories. Our continuing commitment to this project demonstrates ASTRO's commitment towards growing and recognizing the skills in the community. It also serves to identify creative talent for ASTRO.

Moving forward, our content company will work to make the most of content opportunities through sponsorship, syndication and distribution activities in Malaysia and across the region, as well as across traditional and new media platforms.

TALENT MANAGEMENT

In April 2009, the operations of our talent management company, Maestro were integrated into AESB for better synergy in content creation. The newly created department – the Talent & Strategy Unit continues to actively nurture talents and play its part in developing the entertainment industry. Its portfolio of some 20 talents includes actors, singers, comedians, announcers and performers, most of whom hail from popular talent quests produced by our programming division. Singing talent shows like *Akademi Fantasia, Anak Wayang* and *Raja Lawak*, our acting talent competition and comedy talent quest respectively, have all unearthed many of today's entertainment stars. In addition to these artistes, ASTRO has also signed exclusive contracts with top local performers, actors and actresses such as Aaron Aziz, AC Mizal, Anita Sarawak, Aznil Nawawi, Akhil Hayy, Erra Fazira, Farid Kamil, Sarimah Ibrahim and Zoey for them to appear on our drama and television programmes exclusively.

To ensure we keep delivering on our promise to our customers, we attract and retain the very best talent, nurturing them to their full potential in an environment which is challenging, innovative and fun. For the year under review, talents under the management of Talent & Strategy Unit made their appearance in many shows and performances, television programmes across Astro and Free To Air TV Stations, media interviews and feature films, as well numerous product endorsements. Songs performed by our stars from the reality show *Akademi Fantasia* are a constant feature amongst the Top 10 songs across all the top radio stations in Malaysia and popular as mobile downloads.

content

Courtesy of Amok Films Productions

Popular singer Mawi has moved on to acting in feature films where he made his debut in the movie *Jin Notti*. He also retained his crown as the most Popular Singer in Malaysia for the fourth consecutive year at the Anugerah Bintang Popular.

Awards were aplenty in 2009 when Stacy and Akim were respectively voted as the Most Popular Artist and Singer with The Most Number of Downloads by Hotlink at the recent Anugerah Juara Lagu 24. Stacy was also awarded the Most Popular Pop Star Award 2009 at the Shout! awards while Akim rocked the charts for 40 weeks with his track 'Bengang'. In 2010, our Akademi Fantasia talents continued their legacy by topping the nomination list of the prestigious Anugerah Bintang Popular awards. Aznil Hj Nawawi won The Most Popular Male TV Host for seven consecutive years at Anugerah Bintang Popular 2009.

FILMED ENTERTAINMENT

FY2010 was an exciting year for Tayangan Unggul Sdn Bhd (TUSB) and Astro Shaw Sdn Bhd (Astro Shaw), the Group's filmed entertainment production and distribution divisions. TUSB released three comedy films for theatrical screening, while Astro Shaw produced three films through commissioning and joint venture participation. Altogether, the Group generated net box office receipts of around RM11 million, a 22% increase over the preceding year.

TUSB's three releases included *Setem*, an action comedy by Kabir Bahtia; *Papadom*, a drama comedy by Afdlin Shauki; and *Duhai Si Pari-Pari*, a comedy by Azmi Hatta. Papadom went on to win a string of accolades, including five awards for Best Film, Best Actress, Best Actor, Best Original Story and Best Music Score at the 22nd Malaysian Film Festival. It was also Malaysia's entry for the Asia Pacific Film Festival in December 2009 in Kaohsiung, Taiwan. Meanwhile *Setem* won three awards for Best Cinematography, Best Art Direction and Best Editing, while *Histeria*, a horror film, won awards for Best Poster and Best New Director as well as clinching the Special Jury Award at the 22nd Malaysian Film Festival.

Astro Shaw's productions for the year included *Woo Hoo*, a joint venture with Woo Hoo Productions and *Teman Selamanya*, a commissioned production that was released in Indonesia. Woo Hoo reported a record-breaking total box office of around RM4.2 million as at 1 March 2010. Astro Shaw also commissioned Amok Films Sdn Bhd to produce *Sell Out*, a satirical musical comedy by Yeo Joon Han. *Sell Out* went on to win the Young Cinema Award for Alternative Vision at the Venice Film Festival, the NETPAC Award at the Taipei Golden Horse Film Festival, and was awarded the Best Film of the Venice Critics Week 2008 title at the Italian Critics Poll, Cineforum.

INTERACTIVE

Our interactive business unit, Digital Five Sdn Bhd (formerly known as Multimedia Interactive Technologies Sdn Bhd) continues to expand and enhance its offering in digital publishing, applications and platforms.

Digital Five's murai.com.my, is Malaysia's leading Malay entertainment portal that focuses on breaking news in local, regional and international entertainment scene with exclusive and original coverage on gossip, movies, music, fashion, celebrities and TV programmes. For 2009, murai averaged 250,000 unique visitors monthly and was named official entertainment portal for several ASTRO signature programmes including *Akademi Fantasia, Sehati Berdansa* and *Raja Lawak*. Its efforts helped maximise cross promotion activities across all channels and drove deeper audience engagement and interactivity between our TV, website and mobile platforms.

Murai.com.my collaborated with movie producer Raja Azmi Raja Sulaiman to stage a contest in conjunction with her latest film, *Dalam Botol*. Malaysians were able to vote online and via mobile for the two main lead actors that would star in the film, making this the first such campaign for the Group and in the local entertainment industry.

stailista

To celebrate its second anniversary and further extend its reach, murai launched a fresh new look and a fashion section called *Stailista* in January 2010. *Stailista* encompasses everything fashion, from latest trends to exclusive red carpet events to celebrities embracing fashion.

Conscious of its responsibility to its target audiences, murai also engaged in corporate responsibility activities that saw it hosting several non-profit organisations and charities during the *Ramadhan* month. The portal also used its influence to create awareness about children's issues while providing Malaysians an avenue to rally around these issues and children the opportunity to meet and mingle with their favourite celebrities.

July 2009, saw the launch of our digital sports initiative, Stadiumastro.com together with its mobile platform, m.stadiumastro.com. Stadiumastro.com covers an array of international and local sports content including the latest news, live scores, fixtures and results. Stadiumastro Fantasy which launched a month later, has reached 91,737 members to-date and offers users the opportunity to select and manage a team of Barclays Premier League (BPL) players throughout the BPL season as well as earn points and prizes based on their performance.

Stadiumastro.com has been registering an average of 3 million page views and 200,000 unique visitors each month. All the aforementioned activities helped establish Stadiumastro.com as Malaysia's premium sports portal.

The year also saw a push for innovation with the newly formed mobile applications division. Key accomplishment was the development of a social networking platform together with a telecommunications partner which enables users to aggregate all their social network feeds onto a single mobile platform and manage them.

PUBLICATIONS

Measat Publications Sdn Bhd continues to refresh its collection of publications and provide the Group a supplementary avenue for generating advertising revenue and cross-media promotion activities. Since its inception in 2002, Measat Publications has grown from strength to strength and is a publishing force to be reckoned with. It is actively being sought out by international publishing houses that are looking to launch new titles in the Malaysian market. To this end, our publications unit continues to forge links with international partners.

During the financial year, three new international titles were launched. These included *FHM*, a UK-based lifestyle and entertainment magazine for men; *Style*, a fashion and beauty magazine from Singapore that focuses on stylish living for the modern and urban woman; and *FourFourTwo*, the world's number one football magazine which is supported by a one-hour TV show of the same name on our pay-TV platform.

Although relatively new, *Men's Uno*, Taiwan leading men's fashion and lifestyle magazine, continues to show tremendous promise. This title clinched the Gold and Silver awards under the Special Interest/Niche category during the 2009 MPA Magazine Awards, while *iFeel*, our Chinese fashion and beauty magazine, took home the Bronze award under the Chinese Language Women's category. Internationally-renowned auto magazine, *Top Gear*, continues to be a market leader in its genre. It snagged the Silver award under the English Language Special Interest/Niche category at the 2009 MPA Magazine Awards and retained its position as the No. 1 audited car magazine in Malaysia. Meanwhile, the Chinese version of *VMag*, did not perform to expectations in FY2010 and was discontinued.

While the revenue, EBITDA and cash flow contributions from our talent management, filmed entertainment, interactive and publications units are not material to the Group's results, they do provide synergies and significant media-bundling opportunities with our pay-TV, radio and TV programming businesses.

"2009 and early 2010 has been about AMP going beyond what's conventional in offering its content to radio consumers. While digital broadcast is still being explored and prepared for, we have embraced new technology and devices as a way to expose more Malaysians to our content, to be consumed in numerous ways and at the user's convenience. The way forward for AMP is to continue to create content for radio and beyond."

DATO' BORHANUDDIN OSMAN Executive Director,
Airtime Management & Programming (AMP Radio Networks)

GROWING A CONVENTIONAL PLATFORM UNCONVENTIONALLY

Market Position Reaffirmed

Despite intense competition from rival radio stations contending for market share, the Group's Airtime Management & Programming Sdn Bhd (AMP) radio networks reaffirmed its position as the clear leader of the Malaysian radio industry.

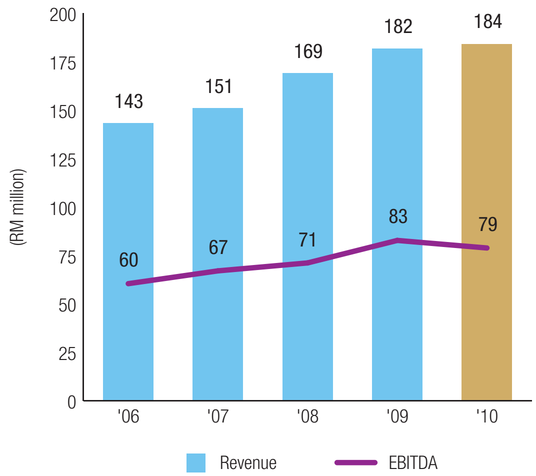
AMP radio networks overall held its market audience share of 54.2% given the aggressive content innovations and promotional activities by competitors and continued to lead the Malaysian radio industry both in terms of listenership and share of advertising revenue.

Nevertheless, our share of total advertising expenditure or radex declined to 57% from 64% (based on undiscounted Nielsen figures). To counter the intensifying threat from new players, AMP is aggressively moving forward to shore up our infrastructure, content and talent base as part of our overall strategy to grow listenership and increase market share.

radio

AMP is Malaysia's first radio broadcaster to feature its own iPhone radio application range. Initially featuring its top four vernacular stations – ERA, MY FM, hitz.fm and THR Raaga, AMP has now made all of its 17 radio brands available via the iPhone and iPad. For its novel in-house developed applications, AMP received the "Best Mobility Applications and Services" award at the 2009 inOvation Malaysia Awards.

Revenue and EBITDA – Radio



The financial year saw AMP's radio stations commanding a weekly listenership of 11 million people, representing some 72% of the listening share across the Peninsular Malaysia. In addition, five out of AMP's eight stations – ERA, MY FM, hitz.fm, THR (Raaga and Gegar) and SINAR – clinched spots among the top 10 stations in the country. Based on an average of all-Malay listeners aged 10+, ERA retained the No. 1 Bahasa Malaysia spot. Meanwhile, MY FM continues to be the No.1 Chinese station, hitz.fm the No. 1 English station, and THR Raaga the No. 1 Tamil station.

As a result of AMP's aggressive strategies to maintain our lead position among listeners and advertisers, radio group revenue rose 1.3% to RM184 million while EBITDA decreased 5% to RM79 million due to regional expansion costs.

Media Platforms Strengthened

To meet growing audience demand for anytime, anywhere infotainment, AMP continues to leverage on new media platforms to grow our market share. AMP was the first radio broadcast company in Malaysia to create radio streaming applications for the iPhone initially featuring our top four vernacular stations, ERA, MY FM, hitz.fm and THR Raaga. Incorporating a unique "rewind" capability, this innovation enables listeners to go back 45 minutes into live broadcast. It has also helped propel the popularity of these internet radio applications onto the Top 10 Free Downloads list of the Malaysian iTunes Store. At the time of writing, all 17 of our radio stations (FM and Direct-to-User) are available on the iPhone and iPad. AMP was also the second company in the world to propagate content using the grid casting method via the mobile device. These innovations resulted in AMP receiving the "Best Mobility Applications and Services" award at the 2009 inOvation Malaysia Awards. There have been close to 80,000 downdloads for AMP's iPhone Applications from the iTunes App Store for FY2010. Not only do these developments reinforce AMP's position as the first Malaysian radio broadcast company to completely develop mobile applications in-house, it underscores the company's plans to grow its business aggressively via new media platforms.

The financial year saw AMP's online platforms attracting some 1 million unique visitors every month reflecting a 70% increase over the preceding year's figure. Users were attracted to the all-new High Definition-based video content, announcers' blog updates, improved

radio

radio streaming online, as well as links to Facebook and Twitter sites. As a result, average online usage increased from 1.6 hours in 2007 to 2.1 hours in 2009. With the emergence of newer wireless-based internet service providers and the introduction of the Government's national broadband plan, this number is expected to keep growing. AMP's interactive platforms now account for 5% of its business revenue and this is expected to grow further as broadband infrastructure develops, mobile usage expands and new distribution platforms multiply.

To provide our listeners and advertisers the clearest radio reception, AMP has upgraded its transmission link infrastructure by doubling the bandwidth used and facilitating the distribution of content to eight transmitter sites, thereby improving the clarity of its FM audio. To enhance our radio broadcasts regionally, a new antenna system was installed in the South. With coverage in the region significantly improved, Miri in Sarawak can now receive five AMP radio stations for the first time ever, while the existing ERA frequency in Langkawi has been complemented by another four stations.

Brand Equity Reinforced

AMP remains committed to continuously providing branding campaigns that integrate our on-air, on-ground, on-line and on-mobile platforms and reinforce our brand equity. During the year, numerous on-ground events were held to complement and enhance our on air and on-line presence. To celebrate ERA's 11th anniversary amongst listeners, a nationwide concert tour of 11 locations was held which brought over 100,000 listeners closer to the ERA brand, its announcers and the entertainment factor that has driven ERA's super brand status. MY FM's 11th anniversary too, was celebrated with an annual concert featuring the best home-grown and global Chinese music scene artistes. AMP also created the first-ever THR Raaga Tamil radio awards show, the Raaga Radio awards, to publicly recognise the local Indian music industry's top contributors including its artistes, composers, songwriters and producers. This event raised over RM300,000 that went towards the creation of computer labs for three Tamil schools. Meanwhile, THR Gegar threw two hit concerts in the East Coast which drew in a crowd of over 120,000 listeners. Radio station hitz.fm reinforced its position as Malaysia's No. 1 English hit station by collaborating with record labels to give listeners opportunities to catch international A-list artistes such as Green Day, All-American Rejects and David Archuletta live in concert.

In the year under review, AMP's nine radio brands undertook various corporate responsibility projects that netted in RM650,000 in funds from our 11 million-strong listeners. The Nadi 1Malaysia on-air 12-hour fund-raising drive (orchestrated by ERA, MY FM and THR Raaga) with NSTP generated over RM250,000. AMP's continuous support for Government campaigns, in particular the 1Malaysia concept, as well as those for non-governmental organisations (NGOs), through high-rotation community service announcements (CSAs), are certainly helping promote health, environmental and community-related awareness issues. Currently, AMP broadcasts the equivalent of more than seven hours a day of CSAs across the Group's nine radio brands and tactical CSAs are actively implemented to support several key global awareness days, campaigns and organisations.

Business and Financial Review: ASTRO Overseas

Courtesy of Mandarin Films Distribution Co Ltd

HONG KONG/CHINA

Celestial Pictures - Chinese Entertainment: Production, Distribution and Channels

For the year in review, Celestial Pictures continued to enhance its TV channels business and expand its global distribution. March 2009 saw Celestial Pictures establishing a new landing for Celestial Classic Movies, which was launched on StarHub TV, the largest pay-TV platform in Singapore. The channel features Chinese classic movie masterpieces from the renowned Shaw Brothers film collection and other film libraries. On the film distribution front, the company continued to expand the reach of the Shaw Brothers film library by signing a new agreement with Creative Technology Ltd (Creative) and Zii Pte Ltd to distribute 668 Shaw Brothers films and 500 hours of original TV dramas on portable viewing products such as Creative's MP3 and portable digital audio players. This is the first time ever that the Shaw Brothers film library is being made available for digital download.

To commemorate the 50th anniversary of the Shaw Brothers film library and raise the exposure of Shaw Brothers in Hong Kong, Celestial Pictures presented the two-week Shaw Brothers 50th Anniversary Film Festival in October 2009. Screenings included a best-of-the-best selection of 14 digitally re-mastered titles encompassing the Shaw Brothers' martial arts genre as well as its Huangmei opera, period drama and other illustrious genres. To preserve Hong Kong's film heritage, Celestial Pictures donated the majority of its pre-print materials (negatives and sound elements), as well as prints and trailers from the Shaw Brothers film library to the Hong Kong Film Archive, a government organisation tasked with conserving the territory's rich film heritage.

To capitalise on the growing demand for Mandarin programming in China, Celestial Pictures co-produced a TV drama series titled Chinese Paladin III with Chinese Entertainment International Ltd. Chinese Paladin III, an adaptation of one of the most popular online games in China, attained top TV ratings in several Chinese provinces following its nationwide broadcast. In addition to the success of the company's TV drama productions, its contemporary Chinese language channel, WaTV, was also invited to be the sole overseas co-broadcaster for the 5.12 Earthquake Commemoration Ceremony and to participate in the live broadcast of the Taiwan 8.8 Flood Fund Raising Concert.

To improve production efficiencies, Celestial Pictures' Hong Kong office was relocated from Clear Water Bay to a 27,000-square-feet modern office in Kowloon Bay which also houses all its production facilities. A fully-equipped warehouse for storing 35mm film and a digital video inventory was also built in Kwun Tong. The current year will see Celestial Pictures accelerate its film production business through partnerships with some of the top talent in the Chinese film business today. A development deal (covering three films) was signed with acclaimed filmmaker Teddy Chen Tak-Sum, who recently won Best Director at the 29th Hong Kong Film Awards. Celestial Pictures' feature slate will drive its distribution business worldwide and provide a supply of exclusive content for its channels and new media initiatives.

Along with exclusive movies from its film production division, Celestial Pictures' channels will continue to secure the biggest Chinese blockbusters and bring them to audiences in the region. Through output deals with top Chinese film studios, such as the five-year output deal with Media Asia, Celestial Pictures will ensure that its channels remain top destinations for the most popular Chinese entertainment as the company expands upon its channel bouquet.

Adrep China Advertising Services Limited

The Group's radio business in China, Adrep China Advertising Services Limited (Adrep), continued to grow its radio advertising sales network. Adrep currently provides advertising and marketing services, under its MY FM proprietary brand, to radio stations in Hefei, Nanjing, 14 cities in Hunan Province and 14 cities in Jiangxi Province, covering a population of over 60 million. The Group will continue to expand this network to capitalise on the opportunity to participate in the expected continued growth in China's advertising market.

INDIA

Sun Direct TV Private Ltd

In India, our joint venture investment, Sun Direct TV, continued to perform in line with expectations. Operating in a highly competitive marketplace, Sun Direct TV again registered strong subscriber growth, with some 1.6 million new subscribers activated in FY2010, taking its customer base to 4.1 million in just over two years from the launch of its services. This success comes on the back of a competitive pricing strategy and market leading content offerings, including the launch in December 2009 of India's first DTH HD TV service. As at 31 January 2010, the Group had invested some INR5,990 million (RM490 million) in Sun Direct TV for a 20% equity interest. During the year, the Group accounted for INR1,102 million (RM81 million) for its share of the anticipated start up losses arising in Sun Direct TV.

South Asia FM Ltd

South Asia FM Ltd (SAFL), which has licenses to own and operate 23 FM radio stations across India on a common frequency, continued to roll-out its network and as at 31 January 2010 service had commenced in 21 markets under the common brand, RED FM. Changes to the foreign direct investment regulations in India allowed the Group to increase its direct stake in SAFL to 20% in July 2009.

MIDDLE EAST AND NORTH AFRICA REGION

Gulf Digital Media Holdings BSC (C)

We continue to make strategic investments in digital distribution platforms such as mobile, broadband and IPTV businesses where we can leverage our expertise in acquiring, localising and distributing content across multiple platforms. One such venture is the Group's first venture in the Middle East and North Africa (MENA) region. In May 2009, we invested approximately USD16 million for a 29% stake in Gulf Digital Media Holdings (GDMH), a joint venture with Saudi Telecommunication Company (STC) and Saudi Research Marketing Group (SRMG). This venture, in which Astro is the managing partner, will develop, procure, aggregate, market and distribute content for IPTV, broadband and mobile platforms in MENA, initially focusing on STC's requirements in the Kingdom of Saudi Arabia.

AUSTRALIA

Media Innovations Pte Ltd

In December 2009, we completed the acquisition of a 32% equity stake in Media Innovations Pte Ltd, an IPTV service provider in Australia. Under its proprietary Fetch TV brand, Media Innovations will provide a complete IPTV solution for Internet Service Providers in Australia, including box and content technology platforms and a commonly branded content offering that integrates TV, on-demand and interactive content.

Business and Financial Review

GROUP FINANCIAL PERFORMANCE

Driven by increasing demand for pay-TV services in Malaysia, in the financial year ended 31 January 2010 Group revenue grew 10% to reach RM3.3 billion. Group earnings before interest, tax, depreciation and amortisation (EBITDA) rose 24% to RM831 million from RM671 million in the preceding year. The consolidated EBITDA margin was higher at 26% compared to 23% in the preceding year. This allowed us to report a net profit after tax and minority interest of RM233 million. This strong, and much welcomed recovery follows two years of reporting losses that largely arose from accounting for costs associated with the termination of pay-TV services in Indonesia.

Cash flows generated by our Malaysian operations remain strong despite challenging market conditions for many of our business units. Consolidated cash flow from operating activities exceeded RM527 million in the year to 31 January 2010. Capital expenditure during the year amounted to RM203 million as we continued a number of major projects to upgrade our broadcast infrastructure and our Customer Relationship Management and Billing Systems as we prepare for changes in the media landscape and the launch of our next generation services in Malaysia.

Our financial position also remains strong. As at 31 January 2010, the Group had RM684 million in cash or cash equivalents while shareholders' equity increased to RM891 million from RM800 million a year earlier. Group borrowings increased to RM1.7 billion from RM1.5 billion a year earlier primarily due to an increase in capitalised finance leases of RM285 million as a result of securing additional transponder capacity on a long term basis. During the year, the Group, via our wholly-owned subsidiary ASTRO Global Ventures (L) Ltd (AGV), secured a USD35 million term loan facility from DBS Bank Ltd to provide us with additional funding options. As at 31 January 2010, USD18 million of this facility had been utilised.

The Group continues to adopt a proactive approach to treasury risk management. Currency and interest rates are closely monitored and our hedging strategy for both operational and financing costs adjusted accordingly. We continued to hedge USD101 million of floating interest rate exposure under the Group's syndicated term and revolving facilities of USD202 million, which effectively fixed about 46% of our average cost of borrowings (excluding margin) at 3.8%.

The Group's effective tax rate was also higher as compared to the Malaysian statutory tax rate due to losses in overseas affiliates and certain Malaysian subsidiaries which were not available for tax relief at Group level.

Driven by increasing demand for pay-TV services in Malaysia, Group revenue grew 10% to reach RM3.3 billion for the year in review. Group earnings before interest, tax, depreciation and amortisation (EBITDA) rose 24% to RM831 million from RM671 million in the preceding year.

Risk Factors

The Group's Enterprise Risk Management framework aims to identify key risks, evaluate the impact and consequences of these risks, and ensure the company's preparedness and its ability to mitigate them. Risks, whether individual or in combination, may significantly affect the Group's financial performance and should be carefully weighed with any forward-looking statement in the Annual Report. The key risks highlighted and summarised below are not exhaustive. The Group has based its ERM framework on industry best practices and standards of corporate accountability plus prudent risk management practices and acceptable control standards as defined by our regulators.

POLITICAL AND REGULATORY

The Group operates in an industry that is subject to a broad range of rules and regulations put in place by various governing bodies and relevant authorities in various territories. The Group emphasises strict compliance, constantly keeps up with all relevant developments and is in regular contact with governing authorities.

FOREIGN ASSOCIATES

The Group faces risks of unexpected changes in laws, regulations, licensing, taxation and other policies as it invests in foreign ventures and operates overseas. The Group also may have limited control over management, operations and performance of its overseas joint-ventures and partnerships, thereby reducing its ability to manage related risks. Nevertheless, the Group constantly evaluates the risks at hand as it maps its strategies, and ensures mitigation plans are in place.

ECONOMIC CONDITIONS

Changes in economic conditions, whether global or local, may adversely impact consumer sentiment and spending, thereby affect the Group's financial performance. Whilst the global economy has emerged out of recession, the Group remains vigilant and closely monitors economic conditions in the countries in which it operates or has invested, and constantly ensures that its strategies are optimised for existing circumstances.

SERVICES AVAILABILITY

The Group relies on a wide range of systems, including the Measat 3 satellite and broadcast equipment, to deliver a high-quality service. The Group continually reviews and enhances its systems and their interconnectivity to minimise service interruption. Business continuity plans have been implemented in the Group, and are regularly reviewed and stress-tested. At the same time, the Group is working with its satellite provider to mitigate risks related to loss of transponders. The Group also has two broadcast centres which provide redundant capacity for transmission purposes. Measat 3a satellite has been identified as back-up for Measat 3 in the event of satellite failure.

COMPETITION

Competition can range from other leisure activities that compete for the customer's wallets to existing media and telecommunications players which may offer appealing products and services, and technology developments that may result in consumers deriving content from alternative sources such as broadband video and IPTV. The Group is cognisant of critical industry developments, changes in customers' preferences and considers key performance indicators such as ratings and viewership in its product planning and development.

PROCURING EXCLUSIVE AND COMPELLING CONTENT

Content, particularly local content, is key for customer acquisition and retention. The rights to and pricing of third-party content are subject to periodic negotiation and re-pricing may exceed budget projections. Thus, the Group constantly explores opportunities to develop proprietary content and works closely with key programme providers while diversifying its sources of third-party content.

TECHNOLOGY AND INNOVATION

Technology and innovation are critical to our business and industry. The Group is cognisant of the latest industry trends and has upgraded its facilities to enhance security and preparedness amid the emergence of new technologies such as high definition television. The Group has also taken steps to reduce technical and operations disruptions while ensuring its systems remain current and relevant through continuous maintenance and system upgrades.

HUMAN RESOURCES

Our human resources are crucial to our business strategy formation and execution. Inadequate resources and brain drain are challenges which the Group tries to mitigate by hiring the best, and retaining them by providing attractive performance-based rewards, continuous learning opportunities and a safe and healthy work environment. Competency-based training has also been put in place while succession planning has been implemented for key functions in the Group.

REPUTATION AND PUBLICITY

The Group's actions, talents and brands are constantly in the public eye. The Group advocates corporate responsibility through programmes that focus on human development, education and nurturing of our youth. The Group also actively engages with the public via dialogue with community groups, interest groups and government bodies.

Engaging our Stakeholders

ENGAGING OUR STAKEHOLDERS FOR A SUSTAINABLE FUTURE

At ASTRO, we take our responsibility as a market leader seriously and are resolute in our commitment to deliver the best value proposition to our stakeholders to ensure the long-term sustainability of our business. Whilst we have been growing from strength to strength, we acknowledge that ASTRO would not be the leading media group that it is today without the support of our business partners, suppliers, regulators, neighbours, NGOs and of course, our employees and customers.

ASTRO continues its efforts to understand, engage with and support the numerous and diverse organisations, groups and individuals that have a stake in our business. We remain committed to improving the well being of these stakeholders by providing wholesome educational and entertaining content for our customers, recognising and rewarding our employees appropriately, enriching the communities we operate in, and caring for the state of our environment.

We also continue our efforts to leverage on open dialogue to better serve the community and will introduce on-ground activities based on this interaction. At the same time, we will measure our efforts to ensure that all our resources are invested appropriately and efficiently.

In 2009, we continued to engage one of our most important stakeholders – the thousands of diverse, talented and passionate people who proudly work at ASTRO. As a service provider in television, radio, film, publications, mobile and internet content, ASTRO relies on its employees to do their best, to make the right decisions, to maintain high standards, to be conscientious, as well as be unreservedly creative and innovative in their everyday tasks.

VOLUNTEERING TO MAKE A DIFFERENCE

On 1 August 2009, ASTRO enhanced the way it engages its employees and the community with the launch of Astro Kasih, an employee volunteer programme to provide all our employees the opportunity to reach out to the communities in which we operate in.

By encouraging our employees to lend their time, expertise and concern for the benefit of the underprivileged via various corporate responsibility activities, we hope that Astro Kasih will improve camaraderie among employees, heighten their sense of responsibility towards our various stakeholders, as well as uphold good organisational and corporate values that our people can identify with. For the community, the programme gives ASTRO a human face – that there are ordinary people at ASTRO doing extraordinary things for our customers and for the community.

Since its inception in August 2009, some 961 employees from all over the country have participated in more than 100 community outreach initiatives including educational, environmental conservation, poverty alleviation and occupational safety programmes.

For instance, earlier this year some 40 ASTRO employees came together in Semporna, Sabah to refurbish a dilapidated canteen building for 500 students and teachers. Another 190 employees invested and continue to invest their weekends to assist Hope Worldwide in preparing and distributing food for the poor, assist doctors and nurses at a free

Astro Kasih volunteers going beyond the call of duty to build a school canteen and covered walkway for a rural school in Semporna, Sabah.

Engaging our Stakeholders

clinic, as well as engaging children at weekly art classes. Volunteers have also helped out in other programmes such as our educational outreach programme called Kampus Astro On Wheels (KAOW), our initiative to help underprivileged homes called Kampus Astro Back-to-School Programme, internal initiatives such as the Occupational Safety & Health Week, the ASTRO GoGreen Recycling Drive, and a coral replanting project.

ENHANCING LEARNING OPPORTUNITIES

As in past years, ASTRO's initiatives in education remain a central part of our corporate responsibility programmes. In 2009, a total of eight young Malaysians under the ASTRO Scholarship Awards programme graduated in their chosen fields of study. They have since been deployed in various positions throughout the Group to learn about our operations and eventually find a vocation that best suits their qualifications and personal interests. Established five years ago to provide opportunities to deserving young Malaysians to pursue their tertiary education, the scholarship programme has since disbursed a total of RM8 million to 36 young scholars studying at home and abroad.

Our flagship education initiative, the Kampus Astro programme made much headway in 2009. Launched at the end of 2008, the Kampus Astro programme aims to bring holistic learning content and experiences to our young students by providing Astro decoders, TV sets and access to 13 international and local learning channels in over 10,000 primary and secondary schools and Teachers' Activity Centres (*Pusat Kegiatan Guru* or PKG) nationwide by early 2011.

Between February 2009 and January 2010, some 824 schools and PKGs were equipped with the Kampus Astro package providing access to world-class education for almost 500,000 young minds across the country.

Besides providing hardware and access to our channels, the Kampus Astro programme also encompasses training for teachers, development of content as well as on-the-ground events and outreach activities.

About 534 school teachers and education officers have been trained on how to use the decoders and how to apply the content in complementing classroom learning of their students. ASTRO recommends the "3R" approach – planning (*Rancang*), recording (*Rakam*) and being innovative (*Reka*) – to make the most of the Kampus Astro package.

In terms of content, more than 172 hours of local content in Bahasa Malaysia, English, Tamil and Mandarin were produced last year to meet Malaysians' learning needs in terms of academic and life-skills. Key programme highlights include Astro TVIQ's *UPSR!, PMR!, The English Room* and *Dunia Adik* on Astro Channel 552; Astro XIAO TAI YANG's *XTY Fun Tuition, Di Zi Gui* and *IQ Xiao Tai Yang* on Astro Channel 325; as well as Astro VAANAVIL's *UPSR Vetri Unggal Kaiyile, Enggal Tamil Iniya Tamil* and *Vizhuthugal* on Astro Channel 201.

On the ground, our KAOW has completed its pilot programme of visiting 41 schools across Sabah, Sarawak and Peninsular Malaysia covering almost 6,000 km and reaching out to some 33,500 students and

1,300 teachers in 10 weeks. KAOW seeks to reach out and create awareness about Kampus Astro among school children, teachers and the community. It also aims to build up excitement about the educational opportunities and possibilities that Kampus Astro can bring to our children's classrooms.

An important element of the KAOW programme is the inclusion of 288 employee volunteers under the ambit of Astro Kasih who to date have spent a total of 3,006 man hours to connect with, educate and encourage students to take up an interest in mathematics and the sciences as well as to master languages with the help of Kampus Astro content.

GOING GREEN FOR A CLEANER PLANET

An important facet of our efforts to be a responsible corporate citizen is our commitment to mitigate and be accountable for the direct and indirect impact our businesses have on our physical surroundings.

In line with our three-year Environmental Strategic Plan (ESP) which was put in place in early 2009, we have been steadfast in our efforts to reduce energy consumption, waste generation and water usage by 10%, 12% and 3% respectively by 2011. The ESP also aims for a general reduction in our carbon emissions. A carbon audit report completed in June 2009 put ASTRO's annual carbon emissions at 1,822,406 kg CO_2. This figure which was tabulated from our 2008 electricity bills now serves as the baseline for our carbon emission reduction plans.

As a result of initiatives such as the installation of our Energy Smart Lighting system and the reduction of operating hours for our central cooling system at our main facility in Bukit Jalil, the All Asia Broadcast Centre (ABC), we achieved the 10% fall in our energy consumption earlier than expected. The reduction in energy consumption will have a positive and significant effect on lowering our carbon emissions but efforts are still underway to meet the other objectives of the ESP by the end of next year.

Aside from the infrastructure-related programmes to reduce the impact of our operations on the environment, we also created awareness about the need for our operations to go green. Our efforts included the ASTRO GoGreen Recycling Drive carried out in the middle of the year for all ASTRO employees which saw more than 3,113 kg of recyclable items collected at the ABC. We have also begun a meticulous system of measuring food waste and water usage throughout the building, while a policy to encourage our vendors to go green is also being formulated to eventually create more sustainable supply chains.

We are also proud to announce that on 16 November 2009 our facility at Bukit Jalil obtained the international ISO 14001:2004 Environmental Management Systems certification. The certification is apt recognition that our internal procedures and initiatives to mitigate any negative impact our operations may have on the environment, are on par with international standards.

Engaging our Stakeholders

EMPOWERING OUR PEOPLE

In the spirit of enhancing our engagement efforts with our employees, ASTRO embarked on a Group-wide survey to find ways to improve the immediate work environment for every single employee. A total of 3,054 employees or 90% of our staff strength responded to the survey which also aims to gain insights as to how the Company can improve its engagement, leadership, culture, employee behaviour and performance initiatives.

It is heartening to report that some 88% of employees feel proud to be associated with the Group. A good 89% of employees are working beyond what is required of them for the Company to succeed and 78% of these respondents say that they will recommend ASTRO's services to others. 84% of employees are of the opinion that their work at ASTRO does contribute to the community and society.

ASTRO's Talent Development programmes remains focused on the development and engagement of our employees. The various areas where this is manifested is customized leadership and development programs, facilitated functional or technical learning, compliance based training, talent assessment and selection and accelerated interventions to fast track our talent pool and high potentials. In 2009, we grew our talent pool and high potential group by 4% and clocked 9,760 hours of training in over 438 program sessions related to management development, personal sevelopemnt, occupational safety and health and functional training.

Our employees are encouraged to upgrade their competencies as well as to take control of how they work. To efficiently manage their own Human Resource matters, the Employee Self Service portal is now fully functional thus freeing administrators, managers and human resource staff to re-focus their time and effort on other ways to serve our stakeholders in a more sustainable manner.

MOVING COMMUNITIES FORWARD

As a leading media company we are mindful that our most significant means to reach out and make a difference to our various stakeholders is via our content. Not only do we ensure that our content is wholesomely educational and entertaining, but that it is also produced with the needs and sensitivities of the community in mind.

ASTRO's public service announcements (PSAs) are our chief means of communicating to our stakeholders. In 2009, our TV platform ran an average of 140 minutes of PSAs each day across all available TV channels. On radio, we broadcast some 432 minutes of PSAs on all nine FM radio stations every day. These PSAs touch on a myriad of social and community matters such as safe driving, personal hygiene, caring for the environment and national unity.

Our efforts in caring and communicating with our stakeholders received its greatest recognition when the Group was awarded a Commendation for Stakeholder Inclusion and Engagement at the Association of Chartered Certified Accountants Malaysia Sustainability Reporting Awards 2009 (ACCA MaSRA 2009). The report that was submitted for this award is entitled *Inspiring Sustainability* and may be downloaded from our website http://www.astroplc.com/09/cr/.

As we continue to forge ahead to make ASTRO a great organisation, stakeholder engagement will remain a crucial part of our efforts to ensure the sustainable and meaningful growth of our Company.

Corporate Governance

Corporate Governance Statement

Corporate Governance sets out the framework and process by which institutions, through their board of directors and senior management, regulate their business activities. These principles balance safe and sound business operations while complying with relevant laws and regulations.

Your Board is fully committed to applying and maintaining high standards of corporate governance to safeguard and promote the interests of the shareholders and to enhance the long term value of the Group. To this end, it has adopted a set of Corporate Governance Guidelines to govern its conduct within the spirit of the Malaysian Code on Corporate Governance ("Code"). The Board has approved this statement and is of the opinion that it has, in all material respects, complied with the principles and best practices outlined in the Code for the financial year ended 31 January 2010. In addition, the Board has continued to adhere to the principles recommended in the United Kingdom Combined Code of the Principles of Good Governance and Code of Best Practice where applicable to the circumstances of the Group as described in this report.

1. THE BOARD

The Board has adopted the following six responsibilities in the discharge of its stewardship, which are also set out in the Directors' Manual:

- Review and adopt strategic plans for the Group
- Oversee the conduct of the Group's businesses to evaluate whether the businesses are properly managed
- Identify and manage principal risks
- Succession planning of senior management
- Develop and implement an investor relations programme
- Review the adequacy and integrity of the internal control and management information systems

The Board provides the leadership necessary to enable the Group's business objectives to be met within a framework of internal controls while ensuring that the interests of the shareholders are safeguarded. During the financial year under the review, the Board has reviewed and approved a 3-year strategic plan that will set the Group's business direction in order to meet its objectives. The Board has also on a regular basis reviewed the performance of the Group and individual businesses, risk management procedures, key controls, corporate governance standards and adequacy of human resources as well as conducted investor briefings.

1.1 Composition and Balance

As at 31 January 2010, your Board comprised four Non-Executive Directors including the Chairman, and one Executive Director. Three of the four Non-Executive Directors are independent, which is higher than the minimum prescribed in the Code. The Board considers that the balance achieved between Executive and Non-Executive Directors during the financial year under review was appropriate and effective for the control and direction of the Group's business. The Board is also of the opinion that the Board composition during the year under review had fairly represented the ownership structure of the Company with appropriate representations of minority interest through the Independent Directors.

The roles of the Non-Executive Chairman and the Deputy Chairman/Group Chief Executive Officer have been distinguished, with a clear division of their responsibilities to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct. The Deputy Chairman/Group Chief Executive Officer is responsible for providing leadership and advancing relationships with regulators and stakeholders, as well as having overall responsibility over the operating units, organisational effectiveness, formulation of strategies and implementation of Board policies and decisions.

The independent Directors play a pivotal role in corporate accountability and provide unbiased and independent views and judgement to the Board's deliberation and decision making process, which is reflected in their membership of the various Board Committees and their attendance of meetings as detailed below. In addition, the Non-Executive Directors ensure that matters and issues brought up to the Board are fully discussed and examined, taking into account the interest of all stakeholders.

All Directors observe the Code of Business Ethics and Ethics Line Procedures established by the Group. The Ethics Line Procedures have been established as a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Business Ethics. The Group also recognises that all Directors are equally and collectively accountable for the proper stewardship of the Group's affairs. The Group maintains a directors' and officers' liability insurance policy to cover against liabilities arising from holding office as directors. The policy covers the personal liability of the directors and officers.

The profiles of the members of the Board, as set out on Pages 10 and 11 of this Annual Report, demonstrate the complement of skills and experiences that the Directors are able to bring to bear on issues of strategy, performance, control, resource allocation and integrity.

1.2 Appointments to the Board

In compliance with the Code, the Nomination and Corporate Governance Committee has the responsibility of proposing new candidates for appointment to the Board.

One-third of the Directors are subject to re-election by rotation at every Annual General Meeting in accordance with the Company's Articles of Association. Re-appointments are not automatic and all Directors must retire and submit themselves for re-appointment by shareholders at least once in every three years.

Each member of the Board holds not more than ten directorships in public listed companies and not more than fifteen directorships in non-public listed companies. This ensures that their commitment, resources and time are focused on the affairs of the Group to enable them to discharge their duties effectively. Your Directors are in full compliance with this requirement.

1.3 Training

Your Board fully supports the need for its members to further enhance their skills and knowledge and changing commercial risks to keep abreast with the developments in the economy, industry and technology, among others. It is regularly updated on new statutory and regulatory requirements and the impact and implication to the Group and Directors in carrying out their duties and responsibilities.

All the Directors have attended seminars or briefings during the financial year and they are kept informed of available training programmes on a regular basis. An appropriate budget is in place for Directors' training.

Among the seminars or briefings attended by one or more Directors during the financial year include:

- How I See The World by Bank Negara Malaysia
- The Economy Crisis of 2008/2009: Percipitator, Impact and Response
- Non-Executive Directors Development Series: Is it worth the risk?
- Broadband Changes Everything
- Latest on Media Outlook
- Business & Brand Leadership: A New Approach To Success For Asian Business
- Financial Instruments Accounting (FRS139)
- Toward Business Excellence
- Overview of Direct-to-Home and Radio Industry in India

The Company Secretary facilitates the organisation of internal programmes and Directors' attendance in external programmes and maintains the details of training programmes attended by the Directors. In addition, the Directors receive briefings and updates on the Group's businesses and operations, risk management activities and technology initiatives on a regular basis.

1.4 Supply of Information and Board Meetings

Your Board has full and unrestricted access to all information pertaining to the businesses and affairs of the Group as well as services of the Company Secretary, to enable them to discharge their duties effectively. The Company Secretary also ensures that the Board is supplied with all necessary information in a reliable and timely manner as well as for ensuring good communication between the Board, Board Committees and senior management. The Board may also seek external independent professional advice at the Group's expense.

The Board meets at least every quarter and on other occasions, as and when necessary, to inter-alia approve quarterly financial results, statutory financial statements, annual report, business plans and budgets as well as to review the performance of the Company and its operating subsidiaries, governance matters and other business development activities. Senior management and external advisors are invited to attend the Board and Board Committees meetings to advise on relevant agenda items to enable the Board and its committees to arrive at a considered decision. Prior to Board or Board Committees meetings, the Directors receive a formal agenda and a comprehensive set of board papers encompassing management reports on financial and operating performance, minutes of Board meetings, reports on risk management, proposal papers and supporting documents to enable the Directors to review, appraise or obtain further information, if necessary on the agenda items to be discussed. In addition to quantitative information, the Directors are also provided with updates on other areas such as market developments, customer, new media, risk management and technology. The Company Secretary attends all Board and Board Committees meetings and ensures that accurate and proper records of the proceedings of the meetings and resolutions passed are kept.

Minutes of every Board meeting are circulated to all Directors for their perusal prior to confirmation, to provide the Directors an opportunity to clarify or raise comments on the minutes prior to the confirmation of the minutes.

Corporate Governance Statement

The attendance record of individual Directors at Board and Board Committees meetings for the financial year ended 31 January 2010 is detailed below:

Name	Board	Board Committees		
		Audit	Nomination and Corporate Governance	Remuneration
Number of meetings during the financial year	8	7	1	3
Dato' Haji Badri Haji Masri	8/8	n/a	n/a	n/a
Ralph Marshall	8/8	n/a	n/a	n/a
Bernard Anthony Cragg	8/8	7/7	1/1	n/a
Dato' Mohamed Khadar Merican	8/8	7/7	1/1	3/3
Chin Kwai Yoong	8/8	7/7	1/1	3/3

1.5 Board Committees

To ensure the effective discharge of its fiduciary duties, the Board has delegated specific responsibilities to the following four Board Committees. The Board Committees will deliberate in greater detail and examine the issues within their terms of reference as set out by the Board and make the necessary recommendations to the Board which retains full responsibility.

Audit Committee ("AC")

Composition of the AC, its terms of reference and a summary of its activities are set out on Pages 47 to 49 of this Annual Report.

Nomination and Corporate Governance Committee ("NCGC")

The NCGC is primarily responsible for recommending appointments to the Board and Board Committees of the Company and its wholly-owned subsidiaries, having regard to the overall skills and composition of the Boards and Committees. In addition, there is in place a framework for Directors to evaluate the effectiveness of the Company's Board, the Board Committees and the contribution and performance of each individual Director. The chairman of the NCGC assumes overall responsibility for the assessment process and the findings are reported by the chairman and discussed with the Directors. The assessment of the chairman of this Committee is addressed by the Chairman of the Board. The assessment of Chairman of the Board is led by the Non-Executive Directors who are led by the Senior Independent Director.

In relation to the financial year ended 31 January 2010, all the Board members were satisfied with the overall performance of the Board, Board Committees and with each other's performance and contribution, and concluded that the Board contributed effectively to the operations and review of the Group's affairs. Based on the said assessment, the Board is also of the opinion that Dato' Haji Badri Haji Masri and Ralph Marshall, the Directors who are seeking re-appointment at the forthcoming AGM have continued to give effective counsel and commitment to the Group and accordingly recommends their re-appointment at the forthcoming Annual General Meeting in July 2010.

The NCGC Charter was expanded during the financial year to include the responsibility for reviewing any actual or potential conflicts of interests by directors and recommending the authorisation or renewal of authorisation of conflicts of interests by non-conflicted directors as permitted under the United Kingdom Companies Act 2006, as the case may be, to the Board for approval.

Members of the NCGC, all of whom are independent Non-Executive Directors, are:-

- Dato' Mohamed Khadar Merican (Chairman)
- Bernard Anthony Cragg
- Chin Kwai Yoong

Remuneration Committee ("RC")

The RC is primarily responsible for reviewing and recommending the appropriate level of remuneration for the Non-Executive Directors, Deputy Chairman and Chief Executive Officer. In respect of the financial year ended 31 January 2010, the RC evaluated the performance of the Deputy Chairman/Group Chief Executive Officer based on agreed performance targets set by the Board and made recommendations on his performance bonuses for the Board's approval. The RC had also reviewed the Contract of Service for renewal of the Group Chief Executive Officer's employment as well as his performance scorecard for the ensuing year prior to the Board's approval being obtained.

In addition, the RC reviewed the performance evaluation of key senior management to ensure objectivity and adherence to the established scheme of service for employees.

Members of the RC, all of whom are independent Non-Executive Directors, are:-

- Chin Kwai Yoong (Chairman)
- Dato' Mohamed Khadar Merican

Option Committee ("OC")

The OC is primarily responsible for administering the Company's 2003 Employee Share Option Scheme ("2003 ESOS") and 2003 Management Share Incentive Scheme in accordance with the approved bye-laws and regulations, including selection of eligible employees and option allocations. It also reviews the guidelines and bye-laws relating to the schemes and advises the Board accordingly.

During the financial year under review, the OC reviewed and approved the quarterly share option grants pursuant to the 2003 ESOS to ensure compliance with the bye-laws. The OC reviewed and updated the Guidelines relating to the 2003 ESOS and basis of allocations following a change in the Group's job grading system. Members of the OC are:-

- Dato' Mohamed Khadar Merican (Chairman)
- Ralph Marshall
- Chin Kwai Yoong

1.6 Directors' Remuneration

Remuneration Policy

The Board believes that remuneration should be sufficient to attract, retain, motivate and incentivise Directors of the necessary calibre, expertise and experience to lead the Group. In line with this philosophy, remuneration for the Executive Director is aligned to individual and corporate performance based on agreed key performance indicators set by the Board. For Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities shouldered by the respective Directors.

The RC recommends the policy framework and is responsible for assessing the compensation package for the Deputy Chairman as well as the Group Chief Executive Officer. The remuneration of the Deputy Chairman/Group Chief Executive Officer for the year under review consists of salary, bonus, benefits-in-kind and share options respectively. The Company also contributes to the employee provident fund for the Deputy Chairman/Group Chief Executive Officer.

Remuneration for Non-Executive Directors is determined by the Board as a whole. Individual directors do not participate in determining their own remuneration package. The Board, subject to a maximum sum as authorised by the Company's shareholders, determines fees payable to Non-Executive Directors. Non-Executive Directors are also entitled to meeting allowances and reimbursement of expenses incurred in the course of their duties as Directors. Non-Executive Directors are not entitled to any bonus, share option or contribution scheme of the Company.

There is no change to directors' fees during the year.

Elements of Remuneration of Executive Director

Pursuant to a new Contract of Service dated 12 June 2009, the Executive Director, Ralph Marshall's remuneration package is based on the following elements:

- Monthly executive stipend
- Annual discretionary performance bonus in cash and share options subject to meeting agreed performance targets as recommended by the Remuneration Committee and approved by the Board
- Defined contribution plan, participation in gratuity scheme, benefits-in-kind and other allowances
- A fully maintained company car and driver, medical coverage for the Executive Director and his family, and social club memberships

Under the new service contract, the term of office is for 2 years commencing from 2 September 2009 to 1 September 2011 which may be extended for a further 1 year upon its expiry on such terms and conditions to be mutually agreed. Either party may terminate by giving 12 months' prior written notice.

Elements of Remuneration of Non-Executive Directors

The remuneration structure is as follows:

- Fees for duties as Directors and additional fees for undertaking responsibilities as Chairman, Senior Independent Director or member of Board Committees
- Meeting allowances

The Chairman of the Board is also entitled to a fixed allowance and the services of a driver.

Corporate Governance Statement

2. SHAREHOLDERS AND INVESTORS

2.1 Communication with Shareholders and Investor Relations

The Board is committed to providing investors accurate, useful and timely information about the Group, its businesses and its activities. The Group regularly communicates with the investor community in conformity with disclosure requirements. The Chairman and Deputy Chairman of the Board are representatives of major shareholders and constant communication between them and the rest of the Board ensures that views of these major shareholders are known and understood. The Board believes that clear and consistent communication with investors encourages a better appreciation of the Company's business and activities, reduces share price volatility, and allows the Company's business and prospects to be evaluated properly.

To this end, the Board obtains regular feedback from key senior management and the investor relations team who dialogue with institutional investors on an ongoing basis throughout the year. These dialogues include telephone conferences with analysts and fund managers after the announcement of the Group's quarterly financial results and participation in non-deal road shows and key investor conferences overseas. Media coverage on the Group and senior management is also initiated proactively at regular intervals to provide wider publicity and improve the understanding of the Group's business. Pertinent information on the Group is available on the Company's website at www.astroplc.com and in the Annual Report.

The Group maintains strict confidentiality and employs best efforts to ensure that no disclosure of material information is made on a selective basis to any individuals unless such information has previously been fully disclosed and announced to the relevant regulatory authorities. With this philosophy in mind, the Board views the AGM as the primary forum to communicate with shareholders. The Company will convene its seventh AGM on 30 July 2010 during which shareholders will have the opportunity to direct their questions to the Board.

The Board encourages other channels of communication with shareholders. For this purpose, the Board has identified Dato' Mohamed Khadar Merican as the Senior Independent Director to whom queries or concerns regarding the Group may be conveyed. Dato' Mohamed Khadar Merican can be contacted via the following channels:

Post : Dato' Mohamed Khadar Merican
c/o Corporate Secretarial Department
3rd Floor, All Asia Broadcast Centre
Technology Park Malaysia
Lebuhraya Puchong-Sungai Besi
57000 Kuala Lumpur
Fax : (603) 9543-3007
E-mail : dato.khadar@investor-concerns.com

3. ACCOUNTABILITY AND AUDIT

3.1 Financial Reporting

The Board is responsible for presenting a clear, balanced and comprehensive assessment of the Group's financial position, performance and prospects each time it releases its quarterly and annual financial statements to its shareholders. The Board is responsible for ensuring that the financial statements give a true and fair view of the results of operations and the financial state of affairs of the Group.

The financial statements of the Group and Company are required to be prepared in compliance with International Financial Reporting Standards. The Statement of Directors' Responsibilities is set out on Page 58 of this Annual Report.

3.2 Internal Control

The Statement on Internal Control provides an overview of the state of internal controls within the Group and is set out on Pages 50 and 51 of this Annual Report.

3.3 Relationship with the Auditors

The Audit Committee's role with respect to internal and external auditors is described in the Audit Committee Report set out on Pages 47 to 49 of this Annual Report.

Audit Committee Report

The Board is pleased to present the Report of the Audit Committee ("Committee") for the financial year ended 31 January 2010.

The Committee reviews and monitors the integrity of the Group's financial reporting process, in addition to reviewing the Group's risk management process and system of internal controls. It also reviews the Group's audit process, compliance with legal and regulatory requirements, code of business conduct and any other matters that are specifically delegated by the Board.

1. TERMS OF REFERENCE

The Committee has written terms of reference and has been duly authorised by the Board to:

- review the Group's significant accounting policies
- investigate any activities within its charter
- seek any information that it requires from any employee of the Group and to be provided with full and unrestricted access to such information
- maintain direct communication channels with the external and internal auditors
- obtain external legal or independent professional advice if necessary
- have access to the Group's resources, at the Group's expense
- convene meetings with the internal and external auditors without the executive members of the Committee, if necessary
- recommend steps or proposed courses of action, where required, to the Board on matters arising from the discharge of the Committee's duties and responsibilities

2. COMPOSITION AND MEETINGS

The Committee comprises three Board members, all of whom are independent non-executive directors and are chartered accountants. The Committee is chaired by Bernard Anthony Cragg and current members comprise Dato' Mohamed Khadar Merican and Chin Kwai Yoong.

The Committee held seven meetings during the financial year. Details of members and their attendance at meetings are set out in the Corporate Governance Statement on page 44. The Group's external auditors, senior members of the Corporate Assurance Division (internal audit), Group Chief Executive Officer, Chief Financial Officer and certain heads of key business units also attended the meetings at the invitation of the Committee. The Company Secretary acts as the Secretary of the Committee. At the meetings, the external auditors, Corporate Assurance and invited heads of departments were invited to present their reports to the Committee on, inter alia, financial, audit, information technology and risk management areas. In respect of the financial results and matters which require the Committee's review prior to obtaining the Board's approval, the Chairman will present the Committee's recommendations to the Board as well as highlight any issues within the Committee's Terms of Reference that it deems necessary.

The Committee also met with the external auditors twice and Corporate Assurance once in separate sessions during the financial year without the presence of management. In addition, the Committee members either collectively or individually met with the external auditors and Corporate Assurance during the financial year.

3. SUMMARY OF ACTIVITIES

The Chairman of the Committee reports regularly to the Board on the activities of the Committee. During the financial year ended 31 January 2010, the Committee carried out the following activities:

3.1 Financial Reporting and Compliance

- Reviewed the statutory financial statements, quarterly financial reports, press releases relating to the quarterly financial reports and announcements of the Group for quality of disclosure and presentation and discussed significant issues to ensure that compliance with applicable approved accounting standards and legal requirements were met.
- Reviewed the external auditors' report on the Group's statutory financial statements and quarterly financial reports prior to making a recommendation to the Board for approval and public release thereof.
- Reviewed matters relating to the accounting, auditing, financial reporting practices and procedures of the Group.

3.2 Risk Management and Internal Control

- Reviewed the Group risk profile and the status of the enterprise risk management process implemented by the Group and results of the process to facilitate the identification, assessment, evaluation, monitoring and management of risks.
- Reviewed the adequacy of the Group's internal operational processes to identify key organisational risks and the systems in place to monitor and manage these risks.
- Reviewed the adequacy of the Group's policies and procedures relating to internal control, financial, auditing and accounting matters such that it complies with our business practices.

Audit Committee Report

3.3 Internal Audit (Corporate Assurance)

- Reviewed the adequacy of the Corporate Assurance Charter and effectiveness of Corporate Assurance in March 2009.
- Reviewed Corporate Assurance's Strategic Review Plan for the financial year ended 31 January 2010 including the review scope and adequacy of competency and resources to carry out its function.
- Reviewed Corporate Assurance's reports including the findings, recommendations, management response and action taken on the recommendations.
- Reviewed the effectiveness and performance of the Head, Group Corporate Assurance and ratified the appointment or termination of senior staff and noted the reasons for staff resignations.

3.4 External Audit

- Assessed the external auditors' independence, objectivity, effectiveness and terms of engagement, including taking into consideration the provision of audit and non-audit services by the external auditors before recommending their reappointment and remuneration. The Group has a policy on the provision of audit and non-audit services by the external auditors, the general principle being that the audit firm should not be requested to perform non-audit services that may impair the objectivity and independence of the audit firm. The Committee also discussed the matter of audit independence with the external auditors and is satisfied that the independence of the audit firm is not impaired by the provision of the non-audit services.
- Reviewed written confirmation from the external auditors that they continue to be independent and objective within the meaning of applicable Malaysian and United Kingdom regulatory and professional requirements. On a quarterly basis, the Committee also reviewed the analysis provided by the external auditors on the provision of audit and non-audit services including the fees incurred.
- Reviewed the external auditors' audit plan for the financial year ended 31 January 2010, scope of annual audit or other examinations including:
  - the annual audit report and accompanying reports to management.
  - reports of their other examinations as well as management letters and the response from management.
  - assistance given by the Group and the Group's employees to the external auditors.

3.5 Related Party Transactions

- Reviewed related party transactions entered into by the Group to ensure that the transactions have been conducted on the Group's normal commercial terms and that the internal control procedures relating to such transactions are sufficient.
- Reviewed in April 2009, the Circular to Shareholders in relation to the utilisation of transponder capacity on the MEASAT-3a satellite from MEASAT Satellite Systems Sdn Bhd, a related party, and recurrent related party transactions for which shareholders' mandate were sought.

3.6 Employee Share Option Scheme

- Reviewed the verification performed by Corporate Assurance on the quarterly and special grants of options to eligible employees under the 2003 Employee Share Option Scheme to ensure compliance with the bye-laws.

3.7 Others

- Reviewed the management quarterly report on new laws and regulations, material litigations, regulatory matters and enterprise risk management.
- Reviewed and recommended the Corporate Governance Statement, Statement on Internal Control and Report of the Audit Committee for inclusion in the Company's 2010 Annual Report, prior to Board approval.
- Reviewed changes to the Group's Code of Business Ethics and Ethics Line Procedures. The Code sets out the principles to guide employees in carrying out their duties to ensure high standards of governance and accountability while the Ethics Line Procedures provide an avenue by which disclosures may be raised in confidence.
- Reviewed adequacy of the terms of reference of the Committee taking into account changes to the applicable laws, regulations, auditing principles and best practices.
- Conducted an ongoing self-assessment of its effectiveness in meeting its responsibilities on a quarterly basis.

4. CORPORATE ASSURANCE

The Group has an internal audit function, known as Corporate Assurance, led by the Head, Group Corporate Assurance who reports directly to the Chairman of the Committee. Corporate Assurance assists the Committee in evaluating and improving the effectiveness of risk management, control and governance processes through a systematic and disciplined approach. This is accomplished by the provision of assurance and consulting services through a programme of regular reviews and appraisals based on the Strategic Review Plan that is approved by the Committee annually.

Corporate Assurance adopts a risk-based methodology in planning and conducting audits by focusing on key risks auditable areas. This approach is consistent with the Group's established framework for designing, implementing and monitoring of its control systems. Corporate Assurance also works closely with the Enterprise Risk Management Division and the external auditors to monitor the risk governance framework and the risk management processes of the Group to ensure their effectiveness.

During the financial year, the major areas of work performed by Corporate Assurance and reported to the Audit Committee are as follows:

- Implemented the Strategic Review Plan for the financial year ended 31 January 2010 encompassing audit coverage of all significant business areas based on identification and evaluation of the respective risks and control environment.
- Performed a variety of reviews such as financial, operational and information systems audits covering principally the Astro pay-TV, radio and content operations of the Group's business. The Group's overseas operations related to library licensing and distribution as well as other support functions such as human resource, procurement and information technology operations were also reviewed and reported to the Committee. The results of the reviews performed by Corporate Assurance were communicated to both Management and the Committee together with the implementation status of audit recommendations.
- Conducted follow-up on previous recommendations made by the external auditors as well as Corporate Assurance to ensure that appropriate corrective actions were implemented on a timely basis or within agreed timelines to assure that key risk and control concerns were being addressed effectively.
- Performed special reviews such as governance enhancement, systems implementation controls, verification of share option scheme allocations as well as approval procedures for related party transactions.

During the year, key performance indicators for weaknesses identified by Corporate Assurance were also implemented.

The operational costs incurred for maintaining Corporate Assurance for the financial year amounted to approximately RM2.4 million.

Statement on Internal Control

Your Board recognises that risk management is an integral part of the Group's business operations and has implemented a formal risk management framework and process for identifying, evaluating, monitoring and managing the significant risks of failure in accordance with the guidance prescribed in the Malaysian Code on Corporate Governance. The Board of Directors is responsible for the Group's system of internal controls and risk management and for reviewing its adequacy, effectiveness and integrity in order to safeguard shareholders' investment and the Company's assets. These systems are designed to manage, rather than eliminate the risk of failure in achieving the Group's business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board however, does not regularly review the internal control systems of its associated companies as it does not have control over their operations. The Company's interests are safeguarded through representations on the boards of the associated companies and application of monitoring controls. These representations and monitoring controls provide the Board with information to assess the performance of the Group's investments. The financial statements of all the associated companies requiring statutory audits are audited by external auditors.

1. RISK MANAGEMENT

Your Board is committed to and supports the implementation of Enterprise Risk Management ("ERM") as an integral part of the Group's practices, planning and business processes, where the identification, assessment, monitoring and reporting of risks at all levels, from strategic to operations, is an ongoing activity. The Board is assisted by the Group's Enterprise Risk Management Committee ("ERMC"), which is chaired by the Group's Chief Financial Officer and comprises senior management from each business unit. The ERMC meets on a quarterly basis to review the effectiveness of the ERM process and reports arising from risk management activities as well as to deliberate on the risks identified, controls and risk mitigation strategies which are thereafter tabled and reviewed by the Audit Committee on a quarterly basis. Each key business unit also has its own Risk Committee which is led by the respective head of the business unit. These Risk Committees meet on a quarterly basis to review and update their individual risk profiles, identify emerging risks that results from changing business environment and/or new initiatives being implemented, evaluate effectiveness of controls and determine if action plans implemented are working effectively. Updates are thereafter reported to the ERMC.

A list of the significant risk factors faced by the Group and the corresponding mitigating measures taken is included in a separate section of this report on page 35.

The ERM activities undertaken by the ERM Division on an ongoing basis include facilitating the review and update of both the Group and business units' risk profiles and the development of risk profiles for the Group's key initiatives, and providing quarterly updates on and consolidating the business units' risk profiles, including regional operations into the Group risk profile. In order to ensure that the process is robust, the risks and controls identified are independently validated by the Corporate Assurance function as part of their ongoing reviews. The ERM Division also conducts risk awareness sessions and provides guidance across the Group to sustain risk awareness and a risk management culture.

2. CONTROL ENVIRONMENT

Your Board is committed to maintaining a sound internal control structure that includes a process of continuous monitoring and review of the effectiveness of the control activities, to govern the manner in which the Group and its staff conduct themselves. Some of the key elements of the internal control structure and processes include:

- **Organisational structure**
  The roles and responsibilities of the Board, Board Committees and management are clearly defined to ensure proper identification of accountability and segregation of duties to promote effective and independent stewardship in the best interests of shareholders. In particular, the Audit Committee comprising wholly of independent non-executive directors is responsible for reviewing the integrity of the Group's financial reporting process, risk management process and control systems.

- **Limits of delegated authority**
  These specify the levels of authority delegated to authorised management for capital commitment and operational expenditure on behalf of the Group. The limits are reviewed and updated regularly to reflect business, operational and structural changes.

- **Documented policies and procedures**
  Policies and procedures relating to finance, procurement, human resource and information systems for operating units within the Group have been established and are revised as needed to meet changing business and operational needs. Accounting systems and financial processes are governed by the Group Finance Manual.

- **Strategic business planning, budgeting and reporting process**
  A three year strategic plan outlining strategies towards achievement of corporate and business objectives of the Group is in place. The Board is responsible for approving the consolidated Group strategic plan and budget on a yearly basis upon reviewing the budget for each business within the Group. As part of the budget process, performance indicators have been established for each and every business unit. Performance is monitored regularly and a reporting system highlights significant variances against budgets for investigation and follow-up by management of the respective businesses. Monthly financial and operational reports are provided to the Board with key statistics publicly disclosed to shareholders every quarter.

- **Code of Business Ethics**
  A formal code emphasising the Group's corporate values, ethical behaviour and the manner in which staff, vendors and suppliers should conduct themselves is in place. The Board members and employees have individually acknowledged in writing, their acceptance and understanding of the Code. The importance of the Code is also emphasised during the induction programme for new employees. In addition, on an annual basis, all employees are required to undergo on-line Code of Business Ethics training and compulsory assessment via an e-learning module where a certificate of assessment passed is issued upon completion.

- **Management assurance functions**
  Management assurance functions such as Revenue Assurance and Programme Management Office have been established for the Group's Pay-TV business. The revenue assurance function encapsulates an end-to-end process to verify the completeness, accuracy and integrity of the capturing, recording, billing, collection and reporting of subscription related revenue producing events and transactions through a continuous process of detecting, quantifying, monitoring and reporting revenue leakages. The Programme Management Office on the other hand ensures that project timelines and deliverables are adequately monitored and conforms to accepted best practices.

- **The Corporate Assurance function**
  Reporting to the Audit Committee, Corporate Assurance provides objective and independent assurance on the effectiveness of the control environment and risk management systems. Its activities are governed by a strategic review plan that is reviewed by management and approved by the Audit Committee. Subsequent revisions to the plan arising from changes to the Group's operations and priorities are reported to the Audit Committee for approval.

Directors' Report and Audited Statutory Financial Statements

Directors' Report

The Directors present their report to the members together with the audited financial statements of the Group and the Company for the financial year ended 31 January 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The Group is primarily engaged in the provision of Direct-to-Home ("DTH") subscription television services, radio services, film library licensing, multi-media interactive services and television content creation, aggregation and distribution. Further details of the principal activities of the subsidiaries are set out in Note 37(c) to the financial statements. There was no significant change in the nature of these activities of the Group and the Company during the financial year.

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

The Company is a limited liability company incorporated in England and Wales under the United Kingdom Companies Act, 1985 which has been replaced with the United Kingdom Companies Act, 2006 and is registered as a foreign company in Malaysia under the Malaysian Companies Act, 1965 and has tax resident status in Malaysia.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The latest update of the ongoing arbitration and litigation related to PT Direct Vision is set out in detail in Note 39 to the financial statements.

REVIEW OF RESULTS

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Profit/(Loss) attributable to equity holders of the Company	**232,977**	(529,187)	**12,659**	(373,886)
Loss attributable to minority interests	**–**	(1,265)	**–**	–
Profit/(Loss) for the year	**232,977**	(530,452)	**12,659**	(373,886)

BUSINESS REVIEW

The Companies Act 2006 requires the Company to set out in this report a fair review of the development and performance of the Group's business during the financial year ended 31 January 2010, including an analysis of the position of the Group at the end of the financial year, and a description of the principal risks and uncertainties facing the Group. This information is disclosed in the following sections of the Annual Report.

- Letter to Shareholders
- Business and Financial Review
- Risk Factors

FINANCIAL INSTRUMENTS

Details of the Group's use of financial instruments, together with information on the financial risk management objectives and policies, are disclosed in Note 3 to the financial statements.

DIVIDENDS

During the financial year the following dividends were paid:

	RM'000
In respect of the financial year ended 31 January 2009:	
– Final tax exempt dividend of 2.5 sen per share, paid on 25 August 2009	48,351
In respect of the financial year ended 31 January 2010:	
– First interim tax exempt dividend of 2.5 sen per share, paid on 24 July 2009	48,351
– Second interim tax exempt dividend of 2.5 sen per share, paid on 23 October 2009	48,351
– Third interim tax exempt dividend of 2.5 sen per share, paid on 20 January 2010	48,354
	193,407

The Directors also declared a fourth interim tax exempt dividend of 5.0 sen per share ("Fourth Interim Dividend") in respect of the financial year ended 31 January 2010. The Fourth Interim Dividend was paid on 26 April 2010.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions are presented in the financial statements.

SHARE CAPITAL

Details of movements in share capital are disclosed in Note 27 to the financial statements.

CORPORATE GOVERNANCE

Details concerning the Company's arrangements relating to corporate governance are disclosed in the Corporate Governance Statement in the Annual Report.

DIRECTORS

The Directors who have held office at any time during the financial year are:

Dato' Haji Badri bin Haji Masri	*Chairman and Non-Executive Director*
Augustus Ralph Marshall	*Deputy Chairman and Group Chief Executive Officer*
Dato' Mohamed Khadar bin Merican	*Independent Director*
Bernard Anthony Cragg	*Independent Director*
Chin Kwai Yoong	*Independent Director*

In accordance with the Company's Articles of Association, Dato' Haji Badri bin Haji Masri and Augustus Ralph Marshall retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-appointment.

DIRECTORS' INTEREST

The details of holdings in the shares of the Company by the Directors in office as at 31 January 2010 were as follows:

	Number of ordinary shares of 10p each			
	As at 1.2.2009	**Acquired**	**Disposed**	**As at 31.1.2010**
Direct interest				
Augustus Ralph Marshall	1,000,000	–	–	**1,000,000** [(1)(3)]
Dato' Mohamed Khadar bin Merican	250,000	–	–	**250,000** [(1)]
Indirect interest				
Dato' Haji Badri bin Haji Masri	177,946,535	–	–	**177,946,535** [(2)]

Directors' Report

DIRECTORS' INTEREST (CONT'D.)

[(1)] *Held through nominees.*

[(2)] *Deemed to have an interest over 177,946,535 ordinary shares of the Company ("Shares"), by virtue of the following:*

(i) *His deemed interest over 177,446,535 Shares in which Harapan Terus Sdn. Bhd. ("HTSB") has an interest by virtue of his interest over 250,000 shares 25% of the issued and paid-up share capital in HTSB. HTSB is deemed to have an interest in all of the Shares in which Berkat Nusantara Sdn. Bhd., Nusantara Cempaka Sdn. Bhd., Nusantara Delima Sdn. Bhd., Mujur Nusantara Sdn. Bhd., Gerak Nusantara Sdn. Bhd. and Sanjung Nusantara Sdn. Bhd. (collectively "HTSB Subsidiaries") have an interest, by virtue of HTSB being entitled to control the exercise of 100% of the votes attached to the voting shares in the immediate holding companies of each of the HTSB Subsidiaries viz Nusantara Barat Sdn Bhd, Nusantara Kembang Sdn Bhd, Prisma Mutiara Sdn Bhd, Nada Nusantara Sdn Bhd, Cermat Delima Sdn Bhd and Cermat Deras Sdn Bhd respectively.*

The HTSB Subsidiaries collectively hold 177,446,535 Shares under discretionary trusts for Bumiputera objects. As such, he does not have any economic interest over the Shares held by these companies in view that such interest is held subject to the terms of the discretionary trusts.

(ii) *His deemed interest over 500,000 Shares held by Ratna Pelangi Sdn. Bhd. ("RPSB"), by virtue of his direct equity interest of 99% in RPSB.*

[(3)] *Subsequent to the financial year end, 5,416,300 and 486,100 Shares were allotted on 8 April 2010 and 13 May 2010 respectively arising from the exercise of options under the 2003 Employee Share Option Scheme and 2003 Management Share Incentive Scheme.*

2003 EMPLOYEE SHARE OPTION SCHEME ("ESOS") AND 2003 MANAGEMENT SHARE INCENTIVE SCHEME ("MSIS")

The Company's ESOS and MSIS ('Schemes') came into effect on 22 October 2003 for a period of 10 years. These Schemes are governed by the 2003 Bye-Laws, which were approved by the Board of Directors and Shareholders of the Company on 29 September 2003.

The principal features of the Schemes are summarised in Note 28 to the financial statements.

Details of options over ordinary shares of the Company held by a Director of the Company are set out below:

	Number of options over ordinary shares of 10p each			
	As at 1.2.2009	Granted	Exercised	As at 31.1.2010
ESOS				
Augustus Ralph Marshall	5,907,000	2,625,000	–	**8,532,000** [(1)]
MSIS				
Augustus Ralph Marshall	1,350,000	–	–	**1,350,000** [(2)]

[(1)] *Subsequent to the financial year end, 4,066,300 and 486,100 options in the unissued Shares were exercised pursuant to the ESOS and allotted on 8 April 2010 and 13 May 2010 respectively.*

[(2)] *Subsequent to the financial year end, 1,350,000 options in the unissued Shares were exercised pursuant to the MSIS and allotted on 8 April 2010.*

Other than as disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares and options over ordinary shares in the Company or shares and options over ordinary shares of its related corporations during the financial year.

DIRECTORS' THIRD PARTY INDEMNITY AND LIABILITY INSURANCE

The Company maintains third party indemnity and liability insurance for its Directors and Officers against any financial consequence of actions which may be brought against them by third parties for acts or omissions in the course of the performance of their duties.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

As an investment holding company and management services provider, the Company does not have any trading relationships with suppliers. However, its operating subsidiaries pay their suppliers in accordance with the relevant contractual and legal obligations, provided the terms and conditions are met by the suppliers.

The credit terms are disclosed in Note 25 to the financial statements.

SIGNIFICANT POST BALANCE SHEET EVENTS

Details of significant post balance sheet events as at 14 May 2010 are disclosed in Note 36 to the financial statements.

UNITED KINGDOM ACCOUNTING PRONOUNCEMENT

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB and with those parts of the United Kingdom Companies Act 2006 applicable to Companies reporting under IFRS.

In addition to complying with IFRSs as adopted by the European Union, the financial statements also comply with the IFRSs as issued by the IASB.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

The Auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. A resolution for their re-appointment as Auditors of the Company will be proposed at the forthcoming Annual General Meeting ("AGM").

In accordance with the provision of Section 418(2) of the Companies Act 2006, each of the Directors in office at the date of approval of this report has confirmed that:

- So far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's Auditors are unaware; and
- He has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Approved by the Board of Directors on 14 May 2010 and signed on its behalf by:

DATO' HAJI BADRI BIN HAJI MASRI
Director

AUGUSTUS RALPH MARSHALL
Director

Kuala Lumpur

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group and the Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. In preparing these financial statements, the Directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board ("IASB"). Under company law, the Directors must not approve the financial statements unless they are satisfied that the financial statements give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union and IFRSs issued by IASB; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at anytime the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the United Kingdom Companies Act 2006 and, as regards the Group financial statements, Article 4 of the International Accounting Standards ("IAS") Regulation. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

Sharon Liew Wei Yee (LS No. 7908)
Company Secretary

Independent Auditors' Report

TO THE MEMBERS OF ASTRO ALL ASIA NETWORKS PLC

We have audited the group and parent company financial statements (the ''financial statements") of ASTRO ALL ASIA NETWORKS plc for the financial year ended 31 January 2010 which comprise the Income Statements, the Statements of Comprehensive Income, the Balance Sheets, the Cash Flow Statements, the Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 January 2010 and of the group's and parent company's profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London
21 May 2010

Income Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Revenue	6	**3,258,319**	2,971,460	**235,965**	307,885
Cost of sales		**(1,918,110)**	(1,720,820)	**–**	–
Gross profit		**1,340,209**	1,250,640	**235,965**	307,885
Other operating income		**25,486**	31,311	**34**	495
Marketing and distribution costs		**(306,818)**	(300,861)	**(215)**	(8,128)
Administrative expenses		**(427,655)**	(444,688)	**(71,203)**	(64,686)
Impairment of investment in subsidiaries		**–**	–	**(116,844)**	(282,798)
Impairment of amounts due from subsidiaries		**–**	–	**(28,172)**	(336,857)
Other operating expenses	7	**(13,905)**	(10,212)	**(3,549)**	(4,092)
		617,317	526,190	**16,016**	(388,181)
Amounts related to costs of cessation of the DTH business proposal in Indonesia and expenses previously incurred in its development	39	**(22,732)**	(687,419)	**–**	–
Profit/(loss) from operations	7	**594,585**	(161,229)	**16,016**	(388,181)
Finance (costs)/income (net)	10	**(60,957)**	(131,031)	**(4,757)**	16,866
Share of post tax results from investments accounted for using the equity method		**(102,812)**	(80,113)	**–**	–
Profit/(loss) before taxation		**430,816**	(372,373)	**11,259**	(371,315)
Taxation	11	**(197,839)**	(158,079)	**1,400**	(2,571)
Profit/(loss) for the year		**232,977**	(530,452)	**12,659**	(373,886)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Attributable to:					
Equity holders of the Company		**232,977**	(529,187)		
Minority interests	31	**–**	(1,265)		
		232,977	(530,452)		
Earnings per share (in sen)	13				
– Basic		**12.05**	(27.36)		
– Diluted		**12.02**	N/A		

Customer Acquisition Costs ("CAC") are analysed as follows:

	Group 2010 RM'000	Group 2009 RM'000
Set top box costs – included in Cost of sales	**290,009**	283,867
Set top box revenue – included in Revenue	**(2,885)**	(9,017)
Set top box subsidies	**287,124**	274,850
Marketing and distribution costs	**149,513**	162,799
CAC	**436,637**	437,649
Gross profit as per above	**1,340,209**	1,250,640
Set top box subsidies	**287,124**	274,850
Gross profit before set top box subsidies	**1,627,333**	1,525,490

The accompanying notes on pages 67 to 128 form part of the financial statements.

Statements of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit/(loss) for the year	**232,977**	(530,452)	**12,659**	(373,886)
Other comprehensive income:				
Currency translation differences	**41,264**	(54,587)	**–**	–
Cash flow hedges:				
– Net fair value loss	**(33,273)**	(14,592)	**–**	–
– Reclassification adjustments to gain/(loss) on realisation of forward foreign exchange rate contract included in profit or loss	**18,886**	(7,680)	**–**	–
– Reclassification adjustments to loss on realisation of interest rate swap included in profit or loss	**11,910**	1,205	**–**	–
Other comprehensive income*	**38,787**	(75,654)	**–**	–
Total comprehensive income	**271,764**	(606,106)	**12,659**	(373,886)
Attributable to:				
Equity holders of the Company	**271,764**	(604,841)		
Minority interests	**–**	(1,265)		
	271,764	(606,106)		

(*) *There is no income tax relating to components of other comprehensive income.*

Balance Sheets

AS AT 31 JANUARY 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Non-current Assets					
Property, plant and equipment	15	**1,397,643**	992,193	**3,889**	5,061
Interest in investments accounted for using the equity method	16	**618,105**	526,848	**–**	–
Investment in subsidiaries	37	**–**	–	**9,182,148**	9,364,742
Deferred tax assets	17	**5,899**	129,741	**–**	–
Financial assets	18	**20,000**	3,000	**10,000**	–
Film library and programme rights	19	**239,656**	276,936	**–**	–
Intangible assets	20	**188,907**	163,653	**9,538**	9,719
		2,470,210	2,092,371	**9,205,575**	9,379,522
Current Assets					
Inventories	21	**22,193**	39,145	**–**	–
Receivables and prepayments	22	**813,471**	679,535	**10,157**	5,688
Amounts due from subsidiaries	38	**–**	–	**1,096,533**	1,132,712
Derivative financial instruments	23	**–**	2,440	**–**	–
Tax recoverable		**2,849**	2,510	**2,385**	1,571
Financial assets	18	**15,000**	–	**5,000**	–
Cash and cash equivalents	24	**683,553**	1,058,076	**88,647**	23,320
		1,537,066	1,781,706	**1,202,722**	1,163,291

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Current Liabilities					
Payables	25	**1,133,714**	1,218,025	**23,476**	26,194
Amounts due to subsidiaries	38	**–**	–	**7,433,609**	6,878,767
Derivative financial instruments	23	**23,684**	23,647	**–**	–
Borrowings	26	**30,210**	393,711	**–**	356,890
Current tax liabilities		**9,626**	3,188	**–**	–
		1,197,234	1,638,571	**7,457,085**	7,261,851
Net current assets/(liabilities)		**339,832**	143,135	**(6,254,363)**	(6,098,560)
Non-current Liabilities					
Payables	25	**250,868**	286,160	**–**	–
Deferred tax liabilities	17	**12,507**	12,503	**10,868**	12,268
Borrowings	26	**1,655,750**	1,137,303	**–**	160,622
		1,919,125	1,435,966	**10,868**	172,890
		890,917	799,540	**2,940,344**	3,108,072

The accompanying notes on pages 67 to 128 form part of the financial statements.

Balance Sheets

AS AT 31 JANUARY 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Capital and reserves attributable to equity holders of the Company					
Share capital	27	**1,200,141**	1,200,051	**1,200,141**	1,200,051
Share premium	29	**31,922**	31,638	**31,922**	31,638
Merger reserve	30	**518,446**	518,446	**–**	–
Exchange reserve		**(85,080)**	(126,344)	**–**	–
Hedging reserve		**(23,684)**	(21,207)	**–**	–
Other reserve		**109,462**	96,972	**109,462**	96,972
(Accumulated losses)/ retained earnings		**(860,290)**	(900,016)	**1,598,819**	1,779,411
		890,917	799,540	**2,940,344**	3,108,072
Minority interests	31	**–**	–	**–**	–
Total equity		**890,917**	799,540	**2,940,344**	3,108,072

The accompanying notes on pages 67 to 128 form part of the financial statements.

Approved by the Board of Directors on 14 May 2010 and signed on its behalf by

DATO' HAJI BADRI BIN HAJI MASRI
Director

AUGUSTUS RALPH MARSHALL
Director

Cash Flow Statements

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash Flows From Operating Activities					
Profiit/(loss) for the year		**232,977**	(530,452)	**12,659**	(373,886)
Adjustments for non-cash items	14 (a)	**831,701**	1,449,623	**128,456**	581,867
		1,064,678	919,171	**141,115**	207,981
Changes in working capital:					
Film library and programme rights		**(272,962)**	(289,000)	**–**	–
Inventories		**43,594**	(130,348)	**–**	–
Receivables and prepayments		**(104,549)**	(186,930)	**7,606**	(245,763)
Payables		**(162,758)**	(79,969)	**(104,607)**	163,174
Cash generated from operations		**568,003**	232,924	**44,114**	125,392
Income tax paid		**(55,738)**	(13,787)	**(602)**	(3,220)
Interest received		**15,277**	36,068	**4,547**	1,516
Net cash flow from operating activities		**527,542**	255,205	**48,059**	123,688
Cash Flows (Used in) / From Investing Activities	14 (b)	**(498,477)**	(421,636)	**46,641**	(508,205)
Cash Flows (Used in) / From Financing Activities	14 (c)	**(400,898)**	232,822	**(29,373)**	325,451
Net effect of currency translation on cash and cash equivalents		**(2,690)**	4,854	**–**	–
Net (Decrease) / Increase In Cash and Cash Equivalents		**(374,523)**	71,245	**65,327**	(59,066)
Cash and Cash Equivalents At Beginning Of Financial Year		**1,058,076**	986,831	**23,320**	82,386
Cash and Cash Equivalents At End Of Financial Year	24	**683,553**	1,058,076	**88,647**	23,320

The accompanying notes on pages 67 to 128 form part of the financial statements.

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

Group

	Note	Share capital (Note 27) RM'000	Share premium RM'000	Merger reserve RM'000	Exchange reserve RM'000	Hedging reserve RM'000	Other reserve RM'000	Accumulated losses RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
		← Attributable to equity holders of the Company							→		
			← Non-distributable				→				
At 1 February 2009		**1,200,051**	**31,638**	**518,446**	**(126,344)**	**(21,207)**	**96,972**	**(900,016)**	**799,540**	**–**	**799,540**
Total comprehensive income		**–**	**–**	**–**	**41,264**	**(2,477)**	**–**	**232,977**	**271,764**	**–**	**271,764**
Share options:											
– proceeds from shares issued		**90**	**284**	**–**	**–**	**–**	**–**	**–**	**374**	**–**	**374**
– value of employee services		**–**	**–**	**–**	**–**	**–**	**12,646**	**–**	**12,646**	**–**	**12,646**
– transfer upon exercise		**–**	**–**	**–**	**–**	**–**	**(156)**	**156**	**–**	**–**	**–**
Dividends	12	**–**	**–**	**–**	**–**	**–**	**–**	**(193,407)**	**(193,407)**	**–**	**(193,407)**
At 31 January 2010		**1,200,141**	**31,922**	**518,446**	**(85,080)**	**(23,684)**	**109,462**	**(860,290)**	**890,917**	**–**	**890,917**
At 1 February 2008		1,200,049	31,629	518,446	(71,757)	(140)	83,074	(142,129)	1,619,172	1,263	1,620,435
Total comprehensive income		–	–	–	(54,587)	(21,067)	–	(529,187)	(604,841)	(1,265)	(606,106)
Shares of a subsidiary issued to minority interest	31	–	–	–	–	–	–	–	–	2	2
Share options:											
– proceeds from shares issued		2	9	–	–	–	–	–	11	–	11
– value of employee services		–	–	–	–	–	13,898	–	13,898	–	13,898
Dividends	12	–	–	–	–	–	–	(228,700)	(228,700)	–	(228,700)
At 31 January 2009		**1,200,051**	**31,638**	**518,446**	**(126,344)**	**(21,207)**	**96,972**	**(900,016)**	**799,540**	**–**	**799,540**

The accompanying notes on pages 67 to 128 form part of the financial statements.

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

Company

		Non-distributable			Distributable	
	Note	Share capital (Note 27) RM'000	Share premium RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 February 2009		**1,200,051**	**31,638**	**96,972**	**1,779,411**	**3,108,072**
Total comprehensive income		–	–	–	12,659	12,659
Share options:						
– proceeds from shares issued		90	284	–	–	374
– value of employee services		–	–	12,646	–	12,646
– transfer upon exercise		–	–	(156)	156	–
Dividends	12	–	–	–	(193,407)	(193,407)
At 31 January 2010		**1,200,141**	**31,922**	**109,462**	**1,598,819**	**2,940,344**

Company

		Non-distributable			Distributable	
	Note	Share capital (Note 27) RM'000	Share premium RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 February 2008		1,200,049	31,629	83,074	2,381,997	3,696,749
Total comprehensive income		–	–	–	(373,886)	(373,886)
Share options:						
– proceeds from shares issued		2	9	–	–	11
– value of employee services		–	–	13,898	–	13,898
Dividends	12	–	–	–	(228,700)	(228,700)
At 31 January 2009		**1,200,051**	**31,638**	**96,972**	**1,779,411**	**3,108,072**

The accompanying notes on pages 67 to 128 form part of the financial statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

The principal activities of the Company are investment holding and provision of management services. The Group is primarily engaged in the provision of Direct-to-Home ("DTH") subscription television services, radio services, film library licensing, multi-media interactive services and television content creation, aggregation and distribution. Further details of the principal activities of the subsidiaries are set out in Note 37(c) to the financial statements. There were no significant changes in the nature of these activities of the Group and the Company during the financial year.

The Company is a limited liability company incorporated in England and Wales under the United Kingdom Companies Act, 1985 which has been replaced with the United Kingdom Companies Act, 2006 and is registered as a foreign company in Malaysia under the Malaysian Companies Act, 1965 and has tax resident status in Malaysia.

The address of the registered offices of the Company in England and Wales and Malaysia are as follows:

- Pellipar House, 1st Floor
  9 Cloak Lane, London EC4R 2RU
  United Kingdom

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

The Company is listed on the Main Board of Bursa Malaysia Securities Berhad (now known as the Main Market of Bursa Malaysia Securities Berhad).

These consolidated financial statements have been approved for issue by the Board of Directors on 14 May 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements of the Group and the Company are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, International Financial Reporting Interpretations Committee ("IFRIC") Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group has adopted the following new and amended IFRSs as of 1 February 2009:

- IFRS 7 'Financial instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

A Basis of preparation (Cont'd.)

Changes in accounting policy and disclosures (Cont'd.)

(a) New and amended standards adopted by the Group (Cont'd.)

- IFRS 8 'Operating Segments' – effective 1 January 2009. The standard replaces IAS 14 'Segment Reporting'. Whereas IAS 14 required segment information to be presented based on primary and secondary segment reporting formats (business segments and geographical segments), IFRS 8 requires segment information to be presented by operating segment on the same basis as that used for internal reporting purposes. The reported amount of each segment item now corresponds to the measurement reported to Management for the purposes of making decisions about allocating resources to the segment and assessing its performance. The operating segments defined by the Group under the new standard are the same as the business segments defined under IAS 14. Likewise, the indicators used to assess the performance of the segments correspond to those already presented when IAS 14 was applied. Consequently, the Group's adoption of IFRS 8 had no impact on the presentation of the consolidated financial statements or on the allocation of goodwill to the CGUs.

- IAS 1 (revised) 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

A Basis of preparation (Cont'd.)

Changes in accounting policy and disclosures (Cont'd.)

(a) New and amended standards adopted by the Group (Cont'd.)

- IFRS 2 (amendment), 'Share-based payment' (effective 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and Company have adopted IFRS 2 (amendment) from 1 February 2009. The amendment does not have a material impact on the Group or Company's financial statements.

- In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. This is consistent with the current treatment of capitalising borrowing costs directly attributable to qualifying assets. The adoption of IAS 23, 'Borrowing costs' (2007) had no material impact on earnings per share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

A Basis of preparation (Cont'd.)

Changes in accounting policy and disclosures (Cont'd.)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 February 2010 or later periods, but the Group has not early adopted them:

- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group and Company will apply IFRIC 17 from 1 February 2010. It is not expected to have a material impact on the Group or Company's financial statements.

- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 February 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

A Basis of preparation (Cont'd.)

Changes in accounting policy and disclosures (Cont'd.)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Cont'd.)

- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 February 2010.

- IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the Group and Company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group or Company's financial statements.

- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Group and Company will apply IFRS 5 (amendment) from 1 February 2010. It is not expected to have a material impact on the Group or Company's financial statements.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

A Basis of preparation (Cont'd.)

Changes in accounting policy and disclosures (Cont'd.)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Cont'd.)

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group and Company will apply IAS 1 (amendment) from 1 February 2010. It is not expected to have a material impact on the Group or Company's financial statements.

- IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

B Consolidation

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

B Consolidation (Cont'd.)

(a) Subsidiaries (Cont'd.)

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 purchase method of accounting, the cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of the minority 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 and minority interests

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the invested entities. A debit balance of minority interest is recognised to the extent that the Group does not have a commercial and legal obligation in respect of the losses attributable to the minority interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

B Consolidation (Cont'd.)

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

B Consolidation (Cont'd.)

(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.

(e) Reporting dates of Associates and Jointly Controlled Entities

The financial statements of certain associates and jointly controlled entities are made up to different reporting dates from the Company. For the purpose of applying the equity method of accounting, the financial statements of these companies for the respective financial year ends have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and at the financial year end of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C Investments

At Company level, investments in subsidiaries, associates and jointly controlled entities are shown at costs less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See policy Note H on impairment of assets.

The investment in the Redeemable Convertible Preference Shares ("RCPS") issued by a subsidiary was carried at cost plus accretion of the expected yield from the investment. The investment in RCPS was fully redeemed during the financial year.

D Foreign Currency Translation

(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 the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into RM using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(c) Foreign subsidiaries

Income statements and cash flows of foreign subsidiaries are translated into RM at average exchange rates for the financial year and their balance sheets are translated at the exchange rates ruling at financial year end. Differences on exchange arising from the translation of opening net assets of foreign subsidiaries denominated in foreign currency are taken to exchange reserve together with the differences between the income statements translated at average exchange rates for the financial year and exchange rates ruling at the financial year end. Other exchange differences are taken to the income statement when they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

D Foreign Currency Translation (Cont'd.)

(c) Foreign subsidiaries (Cont'd.)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on disposal.

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

E Property, Plant and Equipment

Freehold land is not depreciated as it has an unlimited useful life. Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment. Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives.

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

Included in the broadcast and transmission equipments are the set-top boxes and the outdoor dish units (collectively called "HD set-top boxes") used specifically to provide the Astro High Definition Services ("Astro B.yond") to Astro subscribers. These specific HD set-top boxes remain the property of the Company after installation, and are recovered if the subscriber contract is terminated. The HD set-top boxes are capitalised and depreciated over their useful economic lives of 3 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

E Property, Plant and Equipment (Cont'd.)

No depreciation is calculated on assets under construction until the assets are completed and are ready for their intended use. Leased assets capitalised are depreciated over their estimated useful lives or lease period, whichever is shorter.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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 policy Note H on impairment of assets.

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

F Film Library and Programme Rights

(a) Film library

The Group's 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 and accumulated impairment losses. See policy Note H on impairment of assets.

Amortisation of the film library is on an individual title basis, based on the proportion of the actual income earned during the period against the estimated ultimate revenue expected to be earned over the revenue period, not exceeding twenty years. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

F Film Library and Programme Rights (Cont'd.)

(b) Programme rights

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 and accumulated impairment losses. See policy Note H on impairment of assets.

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 no more than five years.

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

G 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 take account of the carrying amount of goodwill relating to the entity sold.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

G Intangible Assets (Cont'd.)

(b) Software costs

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. All other costs associated with developing or maintaining computer software programmes are recognised as an expense when incurred. Software costs are stated at cost less accumulated amortisation and accumulated impairment losses. See policy Note H on impairment of assets.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software costs recognised as assets are amortised using the straight-line method over their estimated useful economic lives (3 - 10 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.

(d) Other intangible assets

Other intangible assets representing purchased legal rights are capitalised, where fair value can be reliably measured. Other intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. See policy Note H on impairment of assets. The costs of other intangible assets are amortised on a straight-line basis over the estimated useful economic lives of the assets (not exceeding 20 years). Amortisation is included in administrative expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

H Impairment of 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 (CGU).

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 re-valued asset in which case it is taken to revaluation surplus.

I Leases

(a) Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included as liabilities. The obligations relating to finance leases, net of finance charges in respect of future periods, are determined at the inception of the lease and are included in borrowings. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest over the lease period.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful lives of the assets or the lease terms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

I Leases (Cont'd.)

(b) Operating leases

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

J Turnaround Channel Transmission Rights

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

K Inventories

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

L Receivables

Receivables are recognised initially at fair value and subsequently measured at cost, less provision for impairment losses. A provision for impairment losses of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision for impairment losses is recognised in the income statement.

The Group provides for the credit risk inherent in its receivables by monitoring the level of arrears and providing an appropriate level of provision for impairment losses based on the amount and extent of arrears.

Bad debts are written off once it has been determined that the receivables cannot be recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

M Cash and Cash Equivalents

Cash and cash equivalents are carried at the balance sheet at cost. Cash and cash equivalents consist of cash in hand, cash at bank, deposits held at call with banks and investments in unit trust cash/money market funds.

N Share Capital

(a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity.

(b) Share issue costs

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from proceeds.

(c) Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or in the case of interim dividends, when the dividends are approved by the Board of Directors.

O Trade Payables and Borrowings

Trade payables are recognised initially at fair value subsequently measured at amortised cost using the effective interest method.

Borrowings are initially stated at the proceeds received, net of transaction costs and when they relate to private debt securities, are stated net of discounts. Borrowings are subsequently 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.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

P Current and Deferred Taxation

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly-controlled entities 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.

Q Employee Benefits

(a) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the 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 obligation. The regular contributions are accounted for on an accrual basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Q Employee Benefits (Cont'd.)

(c) Share-based compensation

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to Other Reserve in equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(d) 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.

R Contingent Liabilities and Assets

Contingent liabilities are disclosed 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

S Provisions

Provisions are recognised when the Group 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.

T Revenue Recognition

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

Subscription revenue received prior to services being provided are recognised as unearned revenue.

Advertising revenues, derived from the placement of commercials on the satellite television and radio networks and advertising revenues from sale of advertising space in magazines are recognised in the period during which the commercials are aired and advertisements are published respectively, net of advertising commissions.

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

Revenue from the sales of set-top boxes is recognised based on the subsidised prices when the ownership of the set-top boxes are transferred to the customers upon delivery.

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

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

Revenue of the Company consists of accretion of RCPS yield income, dividend income and management fees. Accretion of RCPS yield income and dividend income are recognised when the right to receive payment is established. Management fees are recognised as earned over the period the services are provided.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

U Segmental Reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors (the "Board") of AAAN plc, which are used to make strategic decisions and review the results of operating segments. The segment information is presented on the same basis as that used for internal reporting purposes.

V Financial Assets

(i) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss ('FVTPL'), loans and receivables, held to maturity ('HTM') and available-for-sale financial assets. The classification depends on the purpose for which the financial asset was acquired. Management determines the classification of its financial assets at initial recognition.

(a) 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.

(b) 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 12 months after the balance sheet date, which are classified as non-current assets. They are included in Receivables and Prepayments in the balance sheet at amortised cost (Note 22).

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

V Financial Assets (Cont'd.)

(i) Classification (Cont'd.)

(c) 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 12 months and as current assets when the remaining maturities are less than 12 months. They are included in Financial Assets in the balance sheet at amortised cost (Note 18).

(ii) 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. 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.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in fair value of the security below its cost is considered as an indicator that the securities are impaired. If such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

W 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 23. 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 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

W Derivative financial instruments and hedging activities (Cont'd.)

(i) Cash flow hedges (Cont'd.)

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 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. FINANCIAL RISK MANAGEMENT

Financial Risk Factors

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

The Group uses derivative financial instruments such as forward foreign currency exchange and interest rate swap contracts to hedge certain exposures.

3. FINANCIAL RISK MANAGEMENT (CONT'D.)

Financial Risk Factors (Cont'd.)

(a) Foreign currency exchange risk

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

(b) Interest rate risk

The Group's interest rate exposure arises principally from the Group's trade payables and borrowings. The interest rate risk is managed through the use of fixed and floating interest rate debt and derivative financial instruments. The Group has used interest rate swaps as cash flow hedges of future interest payments.

(c) Credit risk

The Group has no significant concentration of credit risk with individual counter-parties. 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, i.e. very liquid funds.

(d) Liquidity and cash flow risk

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

Notes to the Financial Statements

3. FINANCIAL RISK MANAGEMENT (CONT'D.)

Financial Risk Factors (Cont'd.)

(e) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is shown as total equity as shown in the consolidated balance sheet plus net debt.

(f) Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

Further details on financial risks are disclosed in Note 32.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Revenue recognition

The Group recognises revenue when the significant risks and rewards of ownership of any goods and services have been transferred. See Note 2T of the significant accounting policies for details of revenue recognition policies.

(b) Estimated impairment of receivables

The Group provides for impairment of receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. This calculation of impairment requires the use of estimates.

(c) Share-based payment

The cost of providing share-based payments to employees is charged to the income statement over the vesting period of the related share options or share allocations. The cost is based on the fair value of the options or shares allocated and the number of options expected to vest. The fair value of each option or share is determined using the Binomial option pricing model. For details of assumptions, see Note 28 of the financial statements.

(d) Customer acquisition costs

Customer acquisition costs are incurred in activating new customers in the multi-channel subscription television service and include sales and marketing related expenses and subsidised set-top box equipment costs (excluding the cost of the Astro B.yond Boxes which are capitalised as disclosed in Note 2E). The subsidies on set-top boxes represent the difference between set-top box costs and set-top box revenues which are recognised in accordance with significant accounting policies stated in Note 2K and Note 2T respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(e) Carrying value of film library and programme rights

The Group assesses annually whether film library and programme rights have any indication of impairment in accordance with the accounting policy stated in Note 2H. During the financial year, the Group has performed an impairment test over the carrying value of film library and programme rights within the library licensing and distribution and television programming segments of RM130.2 million and RM79.8 million respectively.

Discounted cash flow ('DCF") models were prepared to determine the recoverable amounts based on the "value-in-use" approach using the business plans of these segments which are based on past experience as well as future expected market trends.

Based on the estimated value in use calculated using the DCF methodology, the recoverable amount of the Shaw film library in the library licensing and distribution segment, is higher than the carrying value. Therefore, no impairment loss was recognised for the financial year ended 31 January 2010. Should the discount rate applied in the assessment increase by two percentage points or more, the fair value of the Shaw film library will be lower than the carrying value.

In relation to the carrying value of the film library and programme rights within the television programming segment, the recoverable amount based on the DCF methodology is higher than the associated carrying value and therefore, no impairment loss was recognised.

(f) Deferred tax

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular entities in which the deferred tax assets have been recognised. The composition of the deferred tax assets recognised by the Group and the Company are as disclosed in Note 17 to the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(g) Investments accounted for using the equity method

The Group monitors investments accounted for using the equity method on a regular basis and assesses whether an indication of impairment exists. Where an indication of impairment exists, the Group has performed an impairment test over the carrying value of the investments accounted for using the equity method.

The Group carried out the impairment test using the DCF method to derive the "value-in-use" of the CGU to which the investment is allocated to which requires the Group to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying value of investments accounted for using the equity method at the balance sheet date is detailed in Note 16.

(h) Cessation of the DTH business proposal in Indonesia

As disclosed in Note 39 to the financial statements, the Board has considered the carrying value of certain assets and commitments previously associated with the Indonesian venture.

Correspondingly, the Group has recorded impairment of assets and provisions pertaining to onerous obligations/commitments for costs to be incurred in relation to the cessation of the DTH business proposal in Indonesia. The amounts recorded are based on management's best estimate of the Group's obligations/commitments pertaining to the cessation of the DTH business proposal in Indonesia.

During the financial year, the Group recorded RM22.7 million (FY2009: RM687.4 million) for the amounts related to costs of cessation of the DTH business proposal in Indonesia and expenses previously incurred in its development as stated in Note 7 to the financial statements.

On 18 February 2010, Astro received a final award in its favour which, pursuant to a Memorandum of Correction issued on 23 March 2010, required the Respondents to pay up to an equivalent of USD230 million in restitution. The Group will account for recovery of any amount receivable under the final award in the financial period as and when these are received, the timing of which is uncertain.

5. OPERATING SEGMENT INFORMATION

Reportable segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors (the "Board") of AAAN plc, which are used to make strategic decisions and review the results of operating segments. The segment information is presented on the same basis as that used for internal reporting purposes. The reportable segments of the Group are divided into its types of products and services as follows:

Malaysian multi-channel television – provides multi channel DTH subscription television and related interactive television services in Malaysia.

Radio – provides radio broadcasting services.

Library licensing and distribution – the ownership of a library of Chinese filmed entertainment and the aggregation and distribution of the library and related content.

Television programming – the creation, aggregation and distribution of television programmes and content.

Others – a magazine publishing business; interactive content business for the mobile telephony platform; Malaysian film production business; talent management; creation of animation content; ownership of buildings, Group's regional investments in media businesses and investment holding companies.

The Board assesses the performance of the operating segments based on the operating profits of each operating segment.

	2010					
	Malaysian multi-channel television RM'000	Radio RM'000	Library licensing and distribution RM'000	Television programming RM'000	Others RM'000	Total RM'000
Revenue						
Total revenue	2,959,782	184,080	67,435	250,195	341,194	3,802,686
Inter-segment revenue	(705)	(4,151)	(24,137)	(230,878)	(284,496)	(544,367)
External revenue	2,959,077	179,929	43,298	19,317	56,698	3,258,319
Segment results/operating profits						
Total gross segment results	687,780	74,194	(61,531)	(14,408)	121,616	807,651
Inter-segment results						(190,334)
						617,317
Amounts related to costs of cessation of the DTH business proposal in Indonesia and expenses previously incurred in its development						(22,732)
Profit from operations						594,585
Finance cost (net)						(60,957)
Share of post tax results from investments accounted for using the equity method	–	–	–	–	(102,812)	(102,812)
Profit before taxation						430,816
Taxation						(197,839)
Profit for the year						232,977

5. OPERATING SEGMENT INFORMATION (CONT'D.)

Reportable segments (Cont'd.)

	2009					
	Malaysian multi-channel television RM'000	Radio RM'000	Library licensing and distribution RM'000	Television programming RM'000	Others RM'000	Total RM'000
Revenue						
Total revenue	2,657,399	181,710	82,404	233,716	416,182	3,571,411
Inter-segment revenue	(63)	(1,216)	(29,812)	(213,753)	(355,107)	(599,951)
External revenue	2,657,336	180,494	52,592	19,963	61,075	2,971,460
Segment results/operating profits						
Total gross segment results	593,682	72,151	(33,148)	(56,283)	202,492	778,894
Inter-segment results						(252,704)
						526,190
Amounts related to costs of cessation of the DTH business proposal in Indonesia and previous expenses incurred in its development						(687,419)
Loss from operations						(161,229)
Finance cost (net)						(131,031)
Share of post tax results from investments accounted for using the equity method	–	–	–	–	(80,113)	(80,113)
Loss before taxation						(372,373)
Taxation						(158,079)
Loss for the year						(530,452)

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

Segment results represent the segment revenue less segment expenses, comprising expenses directly attributable and allocated to the segment. Certain components included within inter-segment results eliminate against the relevant income/expenditure recorded below the segment results line or against assets or liabilities.

Unallocated finance cost/income (net) comprises interest income, net of interest on bank borrowings, finance leases liabilities and certain debt service and other finance costs.

Notes to the Financial Statements

5. OPERATING SEGMENT INFORMATION (CONT'D.)

Reportable segments (Cont'd.)

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	2010					
	Malaysian multi-channel television RM'000	Radio RM'000	Library licensing and distribution RM'000	Television programming RM'000	Others RM'000	Total RM'000
Segment assets	2,100,631	99,424	175,170	173,611	242,077	2,790,913
Investments accounted for using the equity method	–	–	–	–	618,105	618,105
Unallocated assets						
– Deposits with licensed banks & financial institutions						500,777
– Unit trusts						53,733
– Investments in private debt papers and bonds						35,000
– Deferred tax assets						5,899
– Tax recoverable						2,849
						598,258
Total assets						4,007,276
Segment liabilities	969,445	31,592	22,894	273,254	111,081	1,408,266
Unallocated liabilities						
– Borrowings (interest bearing)						1,685,960
– Current tax liabilities						9,626
– Deferred tax liabilities						12,507
						1,708,093
Total liabilities						3,116,359

5. OPERATING SEGMENT INFORMATION (CONT'D.)

Reportable segments (Cont'd.)

	2010					
	Malaysian multi-channel television RM'000	**Radio RM'000**	**Library licensing and distribution RM'000**	**Television programming RM'000**	**Others RM'000**	**Total RM'000**
Capital investments, Depreciation, Amortisation and Impairment						
Property, plant and equipment:						
– Additions	**529,700**	**4,708**	**7,243**	**11,115**	**9,712**	**562,478**
– Depreciation	**113,825**	**4,122**	**1,222**	**9,192**	**7,827**	**136,188**
– Impairment	**7,395**	**–**	**–**	**–**	**–**	**7,395**
Film library and programme rights and intangible assets:						
– Additions	**163,545**	**1,071**	**21,003**	**138,178**	**34,954**	**358,751**
– Amortisation	**128,734**	**4,901**	**42,493**	**103,312**	**21,731**	**301,171**
– Impairment	**6,883**	**–**	**–**	**–**	**8,145**	**15,028**
Impairment of receivables	**49,742**	**1,924**	**11,596**	**574**	**1,001**	**64,837**

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	2009					
	Malaysian multi-channel television RM'000	**Radio RM'000**	**Library licensing and distribution RM'000**	**Television programming RM'000**	**Others RM'000**	**Total RM'000**
Segment assets	1,504,192	102,473	243,588	165,948	249,052	2,265,253
Investments accounted for using the equity method	–	–	–	–	526,848	526,848
Unallocated assets						
– Deposits with licensed banks & financial institutions						949,725
– Deferred tax assets						129,741
– Tax recoverable						2,510
						1,081,976
Total assets						3,874,077

Notes to the Financial Statements

5. OPERATING SEGMENT INFORMATION (CONT'D.)

Reportable segments (Cont'd.)

	2009					
	Malaysian multi-channel television RM'000	Radio RM'000	Library licensing and distribution RM'000	Television programming RM'000	Others RM'000	Total RM'000
Segment liabilities	925,877	43,871	21,382	445,331	91,371	1,527,832
Unallocated liabilities						
– Borrowings (interest bearing)						1,531,014
– Current tax liabilities						3,188
– Deferred tax liabilities						12,503
						1,546,705
Total liabilities						3,074,537
Capital investment, Depreciation, Amortisation and Impairment						
Property, plant and equipment:						
– Additions	94,204	2,534	530	11,667	6,953	115,888
– Depreciation	83,532	4,308	679	7,714	7,196	103,429
Film library and programme rights and intangible assets:						
– Additions	135,717	4	31,358	173,871	18,266	359,216
– Amortisation	106,329	6,267	52,440	96,222	13,032	274,290
– Impairment	–	–	–	6,522	–	6,522
Impairment of receivables	47,292	700	–	3,346	3,896	55,234

Segment assets consist primarily of property, plant and equipment, associates, jointly controlled entities, available for sales financial assets, intangible assets, inventories, receivables and prepayments and cash and bank balances. Unallocated assets consist of deposits with licensed banks and financial institutions, investments in private debt papers and bonds, unit trusts, deferred tax assets and tax recoverable, which cannot be directly attributed to a particular segment.

Segment liabilities comprise payables and provision for liabilities and charges. Unallocated liabilities consist of borrowings, deferred tax liabilities and tax liabilities.

5. OPERATING SEGMENT INFORMATION (CONT'D.)

The total of non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in Malaysia and in other countries are shown below:

	2010 RM'000	2009 RM'000
Total non-current assets		
Malaysia	**1,610,526**	1,161,798
Hong Kong	**151,846**	201,997
Others	**681,939**	595,835
	2,444,311	1,959,630

6. REVENUE

(a) Revenue from external customers are as follows:

	Group	
	2010 RM'000	2009 RM'000
Subscription revenue	**2,788,685**	2,459,409
Advertising revenue	**293,694**	349,693
Licensing income	**63,675**	66,037
Sale of set-top boxes	**6,165**	12,608
Sale of film library and programme rights	**29,202**	23,685
Others	**76,898**	60,028
	3,258,319	2,971,460

The Company is domiciled in Malaysia. The result of its revenue from external customers in Malaysia and the total revenue from external customers from other countries are shown below. The revenue information below are based on the geographical location in which the customers are located.

6. REVENUE (CONT'D.)

(a) Revenue from external customers are as follows: (Cont'd.)

	Group	
	2010 RM'000	2009 RM'000
Revenue		
Malaysia	**3,179,422**	2,864,349
Hong Kong	**13,351**	17,835
Others	**65,546**	89,276
	3,258,319	2,971,460

No single customer accounted for more than 10% of external revenue in 2010 (2009: Nil).

(b) Revenue of the Company comprises the following:

	Company	
	2010 RM'000	2009 RM'000
Dividend income	**193,826**	229,654
RCPS yield	**1,371**	22,800
Management fees	**40,768**	55,431
	235,965	307,885

Notes to the Financial Statements

7. PROFIT/(LOSS) FROM OPERATIONS

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

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Programme provider fees		**705,248**	630,244	**–**	–
Inventories recognised as expenses		**335,715**	321,981	**–**	–
Film library and programme rights	19				
– Amortisation		**253,132**	234,641	**–**	–
– Impairment		**6,843**	6,522	**–**	–
Intangible assets:	20				
– Amortisation		**48,039**	39,649	**3,200**	1,832
– Impairment		**8,185**	–	**–**	–
Marketing and market research expenses		**113,209**	113,065	**–**	–
Property, plant and equipment	15				
– Depreciation		**136,188**	103,429	**1,512**	1,452
– Impairment		**7,395**	–	**–**	–
Impairment of investment in subsidiaries	37(b)	**–**	–	**116,845**	282,798
Impairment of receivables		**64,837**	55,234	**–**	–
Impairment of amounts due from subsidiaries	38(a)	**–**	–	**28,172**	336,857
Rental expense:					
– land and buildings		**25,753**	31,573	**2,158**	2,069
– equipment		**8,611**	6,594	**–**	–
Bad debts recovered		**(8)**	(685)	**–**	–
Rental income of land and buildings		**(449)**	(628)	**–**	–

7. PROFIT/(LOSS) FROM OPERATIONS (CONT'D.)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Amount related to costs of cessation of the DTH business proposal in Indonesia and expenses previously incurred in its development		**22,732**	687,419	**–**	–
– Provisions for commitments and onerous obligations and other expenses		**51,465**	402,110	**–**	–
– (Reversal of impairment)/ Impairment of inventory		**(28,733)**	130,754	**–**	–
– Impairment and amortisation of film library and programme rights	19	**–**	108,118	**–**	–
– Impairment of intangible assets	20	**–**	925	**–**	–
– Impairment of property, plant & equipment	15	**–**	45,512	**–**	–
Costs arising from a reorganisation exercise in the Library Licensing and Distribution segment		**25,340**	–	**–**	–
Other operating expenses					
– Corporate Responsibility programme costs		**13,905**	10,212	**3,549**	4,092

7. PROFIT/(LOSS) FROM OPERATIONS (CONT'D.)

Included in Cost of Sales are programme provider fees, costs of set-top boxes, portion of staff related costs, portion of depreciation of property, plant and equipment, amortisation of programme rights and other direct expenses.

Auditors' Remuneration

PricewaterhouseCoopers LLP ("PwC") are the Group's external auditors for the financial year under review and are subject to re-appointment at the forthcoming Annual General Meeting ("AGM"). The aggregate fees for professional services rendered by PwC and other member firms are detailed below:

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Audit of Group and Company financial statements	**689**	646	**689**	646
Fees payable to PwC and other member firms for other services:				
– audit of subsidiary companies pursuant to legislation*	**1,431**	1,433	**–**	–
– tax services	**819**	727	**597**	527
– services relating to corporate finance transactions	**–**	25	**–**	25
– other services pursuant to legislation**	**1,138**	1,424	**675**	695
– other services***	**2,115**	3,290	**1,400**	2,089
	6,192	7,545	**3,361**	3,982

* *Include the Group's overseas subsidiaries*

** *Include fees for quarterly reviews and other attestation services*

*** *Include advisory reviews and contests*

8. DIRECTORS' REMUNERATION

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Fees	**1,188**	1,229	**1,178**	1,219
Salaries and emoluments	**2,476**	2,650	**2,476**	2,632
Share-based payment	**1,429**	1,790	**1,429**	1,790
Defined contribution plan	**325**	330	**325**	330
	5,418	5,999	**5,408**	5,971
Highest paid Director				
– Salaries and emoluments	**2,171**	2,318	**2,171**	2,318
– Share-based payment	**1,429**	1,790	**1,429**	1,790
– Defined contribution plan	**325**	330	**325**	330
	3,925	4,438	**3,925**	4,438

The number of options over ordinary shares granted to a Director in respect of the Company's 2003 ESOS and MSIS during the financial year ended 31 January 2010 were 2,625,000 and Nil (FY2009: 1,458,400 and Nil) respectively.

The highest paid Director has not exercised any share options during the financial year. However, subsequent to the financial year end, the highest paid Director exercised 5,416,300 and 486,100 options in the unissued Shares pursuant to the ESOS and MSIS, and such Shares were allotted to him on 8 April 2010 and 13 May 2010 respectively.

Notes to the Financial Statements

9. EMPLOYEES (INCLUDING EXECUTIVE DIRECTOR'S REMUNERATION)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages and salaries	**288,548**	279,992	**21,594**	23,298
Employee benefits in kind	**21,222**	19,929	**3,096**	2,413
Social security costs	**2,189**	2,458	**64**	101
Share-based payment	**12,646**	13,898	**4,078**	1,708
Defined contribution plan	**43,061**	39,694	**2,435**	3,419
	367,666	355,971	**31,267**	30,939
Recruitment costs	**3,197**	1,797	**275**	190
Termination benefits	**2,063**	1,174	**–**	–
Staff training	**5,861**	6,035	**2,606**	2,836
Others	**6,332**	792	**–**	–
	385,119	365,769	**34,148**	33,965

The companies operating in Malaysia and Hong Kong are required by law to contribute a fixed percentage of each employee's salary to publicly administered defined contribution pension plans for the employees' retirement.

The average number of persons employed by the Group and Company was as follows:

	Group		Company	
	2010	2009	2010	2009
Malaysian operations				
– Corporate	**118**	185	**119**	185
– Multi-channel television	**3,025**	2,967	**–**	–
– Radio	**286**	326	**–**	–
– Television programming	**593**	842	**–**	–
– Others*	**173**	168	**–**	–
	4,195	4,488	**119**	185
Regional operations	**174**	171	**–**	–
	4,369	4,659	**119**	185

* *Include a magazine publishing business, as well as interactive content business for the mobile telephone platform.*

10. FINANCE COSTS AND FINANCE INCOME

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(a) Finance Costs				
Interest expenses:				
– Bank borrowings	**(13,432)**	(28,045)	**(6,848)**	(20,945)
– Finance lease liabilities	**(57,003)**	(37,306)	**–**	–
– Vendor financing	**(11,724)**	(24,451)	**–**	–
– Advances from subsidiaries	**–**	–	**(8,405)**	(7,089)
	(82,159)	(89,802)	**(15,253)**	(28,034)
Debt service and other finance costs	**(6,493)**	(10,420)	**(4,747)**	(8,128)
Realised foreign exchange losses	**(28,933)**	–	**(22,590)**	–
Unrealised foreign exchange losses	**–**	(83,696)	**–**	–
	(117,585)	(183,918)	**(42,590)**	(36,162)
(b) Finance Income				
Interest income	**22,091**	36,299	**42,820**	47,617
Realised foreign exchange gains	**–**	10,113	**–**	2,443
Unrealised foreign exchange gains	**65,333**	–	**465**	2,968
(Loss)/gain from realisation of forward foreign exchange rate contracts	**(18,886)**	7,680	**(5,452)**	–
Loss from realisation of interest rate swap contract	**(11,910)**	(1,205)	**–**	–
	56,628	52,887	**37,833**	53,028
Finance (costs)/income (net)	**(60,957)**	(131,031)	**(4,757)**	16,866

11. TAXATION

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Current taxation				
Malaysian income tax				
– Current year	**(74,022)**	(21,983)	**–**	–
– Over/(under) accrual in prior years	**273**	(8,024)	**–**	(982)
	(73,749)	(30,007)	**–**	(982)
Foreign income tax – current year	**(241)**	(138)	**–**	–
	(73,990)	(30,145)	**–**	(982)
Deferred taxation				
Origination and reversal of temporary differences (Note 17)	**(123,849)**	(127,934)	**1,400**	(1,589)
	(197,839)	(158,079)	**1,400**	(2,571)

The Group has not applied for group relief in Malaysia and other foreign countries in which the subsidiaries operate as the Company and its subsidiaries either did not meet the qualifying criteria for group relief or there were no immediate tax benefits.

The Company is a Malaysian tax resident as the control and management of its activities is exercised in Malaysia and is subject to the Malaysian taxation rules and regulations. The subsidiaries are subject to corporate income tax according to the tax laws of jurisdiction in which the entities operate in.

11. TAXATION (CONT'D.)

A reconciliation of income tax expense applicable to profit or loss before taxation at the statutory rate to income tax expense at the effective income tax rate of the Group and Company are as follows:

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Profit / (loss) before taxation	**430,816**	(372,373)	**11,259**	(371,315)
Tax at Malaysia statutory tax rate of 25% (FY2009: 25%)	**(107,704)**	93,093	**(2,815)**	92,829
Tax effect of:				
Different tax rates in other countries	**(23,597)**	(16,262)	**–**	–
Losses in foreign subsidiaries which were not available for tax relief at Group level	**(5,681)**	(161,108)	**–**	–
Share of post tax results from investments accounted for using the equity method	**(25,703)**	(20,028)	**–**	–
Expenses not deductible for tax purposes	**(33,010)**	(53,768)	**(49,878)**	(91,846)
Income not subject to tax	**5,425**	5,481	**52,693**	–
Tax exempt income due to pioneer status	**18,188**	18,717	**–**	–
Unrecognised deferred tax assets arising during the year	**(31,241)**	(19,228)	**–**	–
Previously unrecognised temporary differences	**5,211**	3,048	**1,399**	(2,572)
Over/(under) accrual in prior years	**273**	(8,024)	**–**	(982)
Taxation	**(197,839)**	(158,079)	**1,399**	(2,571)

Notes to the Financial Statements

11. TAXATION (CONT'D.)

Malaysian income tax is calculated at the statutory rate of 25% (FY2009: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

The Group's effective tax rate is higher than the statutory tax rate mainly due to losses in foreign subsidiaries, associates, overseas investments and certain Malaysian subsidiaries which were not available for tax relief at Group level and non-deductibility of certain operating expenses for tax purposes.

12. DIVIDENDS

During the financial year ended 31 January 2010, the following dividends were paid:

	2010 RM'000	2009 RM'000
Final tax exempt dividend of 2.5 sen per share in respect of financial year ended 31 January 2009, paid on 25 August 2009 (FY2009: Third interim dividend of 3.0 sen per share in respect of financial year ended 31 January 2008)	**48,351**	44,966
First interim tax exempt dividend of 2.5 sen per share in respect of financial year ended 31 January 2010, paid on 24 July 2009 (FY2009: Final tax exempt dividend of 2.0 sen per share in respect of financial year ended 31 January 2008)	**48,351**	38,681
Second interim tax exempt dividend of 2.5 sen per share in respect of financial year ended 31 January 2010, paid on 23 October 2009 (FY2009: First interim tax exempt dividend of 2.5 sen per share in respect of financial year ended 31 January 2009)	**48,351**	48,351
Third interim tax exempt dividend of 2.5 sen per share in respect of financial year ended 31 January 2010, paid on 20 January 2010 (FY2009: Second interim tax exempt dividend of 2.5 sen per share in respect of financial year ended 31 January 2009)	**48,354**	48,351
Third interim tax exempt dividend of 2.5 sen per share in respect of financial year ended 31 January 2009	**–**	48,351
	193,407	228,700

12. DIVIDENDS (CONT'D.)

The Directors also declared a fourth interim tax exempt dividend of 5.0 sen per share ("Fourth Interim Dividend") in respect of the financial year ended 31 January 2010. The Fourth Interim Dividend was paid on 26 April 2010.

13. EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings per share of the Group is calculated by dividing the net profit attributable to equity holders by the weighted average number of ordinary shares, adjusted for the assumed conversion of all dilutive potential ordinary shares arising from the share options granted under the ESOS and MSIS.

	2010	2009
Profit/(loss) attributable to equity holders of the Company (RM'000)	**232,977**	(529,187)
Weighted average number of ordinary shares ('000)	**1,934,197**	1,934,036
Adjustment for share options granted ('000)	**4,224**	630
Adjusted weighted average number of ordinary shares ('000)	**1,938,421**	1,934,666
Basic earnings per share (sen)	**12.05**	(27.36)
Diluted earnings per share (sen)	**12.02**	N/A

14. NOTES TO THE CASH FLOW STATEMENTS

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
(a) Adjustments for non-cash items					
Contra arrangements – revenue		**(5,148)**	(4,843)	**–**	–
Value of employee services – share options	9	**12,646**	13,898	**4,078**	1,708
Interest income	10	**(22,091)**	(36,299)	**(42,820)**	(47,617)
Interest expense	10	**82,159**	89,802	**15,253**	28,034
Loss from realisation of interest rate swap contract	10	**11,910**	1,205	**–**	–
Loss/(gain) from realisation of forward foreign exchange rate contract	10	**18,886**	(7,680)	**5,452**	–
Unrealised foreign exchange (gain)/loss	10	**(65,333)**	83,696	**(465)**	(2,968)
Taxation	11	**197,839**	158,079	**(1,400)**	2,571
Property, plant and equipment					
– Depreciation	15	**136,188**	103,429	**1,512**	1,452
– Gain on disposal		**(459)**	(8)	**–**	–
– Impairment	15	**7,395**	–	**–**	–
Film library and programme rights					
– Amortisation	19	**253,132**	234,641	**–**	–
– Impairment	19	**6,843**	6,522	**–**	–
Intangible assets					
– Amortisation	20	**48,039**	39,649	**3,200**	1,832
– Impairment	20	**8,185**	–	**–**	–
Impairment of investment in subsidiaries		**–**	–	**116,845**	282,798
Impairment of amounts due from subsidiaries		**–**	–	**28,172**	336,857
Impairment of investments in financial asset		**3,000**	–	**–**	–
Impairment of investments accounted for using the equity method		**10,875**	–	**–**	–
Amounts related to costs of cessation of the DTH business proposal in Indonesia and expenses previously incurred in its development		**22,732**	687,419	**–**	–
– Provisions for commitments and onerous obligations and other expenses		**51,465**	402,110	**–**	–
– (Reversal of impairment)/impairment of inventory		**(28,733)**	130,754	**–**	–
– Impairment and amortisation of film library and programme rights	19	**–**	108,118	**–**	–
– Impairment of intangible assets	20	**–**	925	**–**	–
– Impairment of property, plant & equipment	15	**–**	45,512	**–**	–
Share of post tax results from investments accounted for using the equity method		**102,812**	80,113	**–**	–
Impairment of inventory		**2,091**	–	**–**	–
RCPS yield		**–**	–	**(1,371)**	(22,800)
		831,701	1,449,623	**128,456**	581,867

Notes to the Financial Statements

14. NOTES TO THE CASH FLOW STATEMENTS (CONT'D.)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
(b) Cash Flows (Used in)/From Investing Activities					
Purchase of investment accounted for using equity method		**(203,801)**	(250,945)	**–**	–
Capital repayment from an investee		**–**	2,923	**–**	–
Investments in private debt papers and bonds		**(35,000)**	–	**(15,000)**	–
Additional investments in subsidiaries		**–**	–	**(350)**	–
Proceeds from shares issued to minority interests		**–**	2	**–**	–
Proceeds from disposal of property, plant and equipment and intangibles		**129**	522	**–**	–
Purchase of property, plant and equipment and intangibles		**(259,805)**	(174,138)	**(3,500)**	(12,154)
Advance payments to subsidiaries		**–**	–	**(411,072)**	(496,051)
Redemption of RCPS by a subsidiary		**–**	–	**476,563**	–
		(498,477)	(421,636)	**46,641**	(508,205)
(c) Cash Flows (Used in)/From Financing Activities					
Dividends paid	12	**(193,407)**	(228,700)	**(193,407)**	(228,700)
Interest paid		**(74,290)**	(83,522)	**(7,200)**	(30,718)
Drawdown of borrowings		**465,204**	628,333	**–**	272,317
Payments from realisation of interest rate swap contract		**(11,314)**	(1,205)	**–**	–
(Payments)/proceeds from realisation of forward foreign exchange rate contract		**(5,452)**	7,680	**(5,452)**	–
Issuance of shares pursuant to exercise of share options		**374**	11	**374**	11
Repayment of borrowings		**(582,013)**	(89,775)	**(472,619)**	–
Advance from subsidiaries		**–**	–	**648,931**	312,541
		(400,898)	232,822	**(29,373)**	325,451

15. PROPERTY, PLANT AND EQUIPMENT

Group	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
At 31 January 2008							
Cost	10,586	173,097	886,835	232,023	630,948	67,624	2,001,113
Accumulated depreciation	–	(48,745)	(277,659)	(168,778)	(480,666)	–	(975,848)
Net book amount	10,586	124,352	609,176	63,245	150,282	67,624	1,025,265
Net book amount							
At 1 February 2008	10,586	124,352	609,176	63,245	150,282	67,624	1,025,265
Additions	–	–	–	38,400	52,213	25,275	115,888
Disposals	–	–	–	(514)	–	–	(514)
Transfers between classes	–	–	–	–	74,446	(74,446)	–
Depreciation charge	–	(4,439)	(43,513)	(19,928)	(35,549)	–	(103,429)
Impairment *	–	–	–	(524)	(43,705)	(1,283)	(45,512)
Currency translation differences	–	4	–	(1,336)	1,192	635	495
At 31 January 2009	10,586	119,917	565,663	79,343	198,879	17,805	992,193
At 31 January 2009							
Cost	10,586	173,101	637,530	267,440	768,593	17,805	1,875,055
Accumulated depreciation	–	(53,184)	(71,867)	(188,097)	(569,714)	–	(882,862)
Net book amount	10,586	119,917	565,663	79,343	198,879	17,805	992,193
Net book amount							
At 1 February 2009	10,586	119,917	565,663	79,343	198,879	17,805	992,193
Additions	–	–	370,074	40,792	85,814	65,798	562,478
Disposals	–	–	–	(72)	(4)	–	(76)
Transfers between classes	–	–	–	4,806	6,674	(20,378)	(8,898)
Depreciation charge	–	(4,336)	(60,030)	(24,251)	(47,571)	–	(136,188)
Impairment	–	–	–	(66)	(7,329)	–	(7,395)
Currency translation differences	–	2	–	(104)	(4,369)	–	(4,471)
At 31 January 2010	**10,586**	**115,583**	**875,707**	**100,448**	**232,094**	**63,225**	**1,397,643**

* *The entire impairment charges are related to the cessation of the DTH business proposal in Indonesia.*

Notes to the Financial Statements

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	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
At 31 January 2010							
Cost	10,586	173,099	1,007,604	303,353	855,277	63,225	2,413,144
Accumulated depreciation	–	(57,516)	(131,897)	(202,905)	(623,183)	–	(1,015,501)
Net book amount	**10,586**	**115,583**	**875,707**	**100,448**	**232,094**	**63,225**	**1,397,643**

During the financial year, the Group capitalised finance lease assets of RM373,048,000 (FY2009: RM11,702,000).

Details on finance lease liabilities are disclosed in Note 26 (b).

Company

Equipment, fixtures and fittings

	2010 RM'000	2009 RM'000
At 1 February		
Cost	**7,380**	2,041
Accumulated depreciation	**(2,319)**	(867)
Net book amount	**5,061**	1,174
Additions	**476**	5,352
Transfer to subsidiary	**(136)**	–
Transfer between classes	**–**	(13)
Depreciation charge	**(1,512)**	(1,452)
At 31 January	**3,889**	5,061
At 31 January		
Cost	**7,668**	7,380
Accumulated depreciation	**(3,779)**	(2,319)
Net book amount	**3,889**	5,061

16. INTEREST IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Group 2010 RM'000	Group 2009 RM'000
Investments, at cost	**741,770**	604,054
Long term advances and receivables	**409,559**	349,056
Cumulative post tax results and impairment losses	**(483,519)**	(380,640)
Unrealised foreign exchange difference	**(49,705)**	(45,622)
	618,105	526,848

The Group has not recognised accumulated losses amounting to RM6,578,000 (FY2009: RM6,819,000) for Advanced Wireless Technologies Sdn Bhd as at 31 January 2010. These losses exceed the Group's interest in the associate.

16. INTEREST IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D.)

The Group's interest in the assets, liabilities, income and expenses of the investments in equity accounted units, is as follows:

	2010 RM'000	2009 RM'000
Non-current assets	**295,811**	626,227
Current assets	**161,200**	103,362
Current liabilities	**(129,792)**	(128,508)
Non-current liabilities	**(66,323)**	(74,233)
Net assets	**260,896**	526,848
Revenue	**334,236**	73,511
Expenses	**(437,048)**	(154,419)
	(102,812)	(80,908)

Refer to Note 34 (a) for further details on the Group's commitment for investments in an associate and joint ventures.

Details of principal investments in equity accounted units, are as follows:

Name of company	Country of incorporation	Effective equity interest 2010 %	Effective equity interest 2009 %	Financial year end	Principal activities
TVB Publishing Holding Limited ("TVBPH")	Hong Kong	**26.3**	26.3	31 Dec	Investment holding
Advanced Wireless Technologies Sdn. Bhd. ("AWT")	Malaysia	**25.0**	25.0	31 Dec	Provision of wireless multimedia related services

16. INTEREST IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D.)

Name of company	Country of incorporation	Effective equity interest 2010 %	Effective equity interest 2009 %	Financial year end	Principal activities
Sun Direct TV Private Limited ("Sun Direct TV")	India	**20.0**	20.0	31 Mar	Provision of DTH digital satellite broadcast pay-television services
Flexi Infosoftech Solutions Private Limited ("Flexi Infosoftech")	India	**21.5**	21.5	31 Mar	Provision of software services and other support services
Max Flexi Services Private Limited ("Max Flexi")	India	**50.8**	45.2	31 Mar	Provision of software services and other support services
South Asia FM Limited ("SAFL")	India	**20.0**	7.0	31 Mar	Provision of FM radio broadcast
ASTRO E.Com India Private Limited	India	**49.0**	49.0	31 Mar	Provision of internet services and other support services
Diginatives Content Solutions Private Limited ("Diginatives")	India	**40.0**	44.5	31 Mar	Provision of internet services and other support services
Mogae Digital Private Limited ("Mogae")	India	**49.0**	49.0	31 Mar	Provision of internet services and other support services

Notes to the Financial Statements

16. INTEREST IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D.)

Name of company	Country of incorporation	Effective equity interest 2010 %	Effective equity interest 2009 %	Financial year end	Principal activities
Kristal-Astro Sdn. Bhd.	Brunei	**48.9**	48.9	31 Dec	Provision of DTH-digital satellite broadcast pay-television services
Gulf Digital Media Holdings BSC (C)	Kingdom of Bahrain	**29.0**	–	31 Dec	Investment holding
Media Innovations Pte Ltd ("MIPL")	Singapore	**32.0**	–	31 Jan	Investment holding
AETN All Asia Networks Pte Ltd	Singapore	**50.0**	50.0	31 Dec	Localise, relanguage, assemble and schedule documentary channels and to distribute such channels to media platform providers
FBNC Media and Information Technology Application Joint Stock Company	Vietnam	**19.3**	20.0	31 Dec	Provision of television content and related media services

16. INTEREST IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D.)

Investments in jointly controlled entities

(i) SAFL

South Asia Multimedia Technologies Ltd ("SAMT"), a wholly-owned subsidiary of the Group, has increased its stake in SAFL from 6.98% to 20% in the following manner:

i. Subscription of 1,922,854 new SAFL equity shares at par at a total subscription price of INR19,228,540 on 22 June 2009;
ii. Subscription of 19,389,198 new SAFL equity shares at par at a total subscription price of INR193,891,980 on 23 July 2009;
iii. Acquisition of 13,836,296 existing SAFL equity shares from AH Multisoft Private Ltd at par at a total purchase price of INR138,362,960 on 23 July 2009; and
iv. Subscription of 43,900,136 Compulsorily Convertible Preference Shares ("CCPS") of INR10 each in SAFL at a subscription price of INR439,001,360 on 3 August 2009.

(ii) Gulf Allied Digital Media FZ-LLC ("Gulf Allied")

By a Shareholders' Agreement dated 27 October 2008 ("SHA"), First Amendment Agreement to SHA dated 30 March 2009 and Second Amendment Agreement to SHA dated 15 June 2009 between Saudi Telecom Company, ASTRO Overseas Limited and Saudi Research and Marketing Group, the Group's wholly-owned subsidiary namely, All Asia Digital Media Limited on 20 August 2009 through its 29%-owned Bahraini company namely, Gulf Digital Media Holdings BSC (C) subscribed for 100% of the equity interest in Gulf Allied, a Free Zone Limited Liability Company incorporated in United Arab Emirates with an issued and paid-up share capital of AED50,000 represented by 50 shares at a par value of AED1,000. The principal activities of Gulf Allied are intended to develop, produce, procure, aggregate, market, distribute and sell media content and content related intellectual property rights for the purposes of distribution or broadcasting on fixed and mobile platforms (including but not limited to mobile TV, IPTV and any other digital platform).

16. INTEREST IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D.)

Investments in jointly controlled entities (Cont'd.)

(iii) Sun Direct TV

On 5 December 2009, South Asia Entertainment Holdings Limited ("SAEHL"), a wholly-owned subsidiary of the Group, subscribed for 6,283,775 additional new ordinary shares of INR10 each in Sun Direct at a total cash consideration of INR500,000,000, representing a subscription price of INR79.57 per subscription share.

Subsequent to the above subscription, the holding of SAEHL in Sun Direct remains at 20%.

(iv) MIPL

On 28 December 2009, All Asia Digital Networks Pte Ltd, a wholly-owned subsidiary of the Group, subscribed for 64,000 new ordinary shares in MIPL at a total cash consideration of AUD5,500,000, representing 32% of the equity interest in MIPL. MIPL is a private company incorporated in Singapore with an issued and paid-up share capital of SGD158.10. The principal activity of MIPL is investment holding.

17. DEFERRED TAX

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 sheet:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deferred tax assets	**5,899**	129,741	**–**	–
Deferred tax liabilities	**(12,507)**	(12,503)	**(10,868)**	(12,268)
	(6,608)	117,238	**(10,868)**	(12,268)

17. DEFERRED TAX (CONT'D.)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At beginning of financial year	**117,238**	245,230	**(12,268)**	(10,679)
(Charged)/credited to income statement:				
– property, plant and equipment	**(19,795)**	12,288	**896**	553
– film library and programme rights	**(3,546)**	(3,975)	**–**	–
– tax losses	**(97,975)**	(144,635)	**2,304**	–
– provisions and accruals	**(3,108)**	(1,667)	**(211)**	(360)
– interest receivable	**(1,616)**	(1,753)	**(1,589)**	(1,782)
– impairment of receivables	**2,191**	11,808	**–**	–
	(123,849)	(127,934)	**1,400**	(1,589)
Other movement:				
– currency translation differences	**3**	(58)	**–**	–
At end of financial year	**(6,608)**	117,238	**(10,868)**	(12,268)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deferred tax assets (before offsetting)				
Property, plant and equipment	**7,168**	12,428	**896**	–
Tax losses	**17,144**	115,117	**2,304**	–
Provisions and accruals	**11,600**	14,707	**638**	849
Impairment of receivables	**33,057**	30,866	**–**	–
	68,969	173,118	**3,838**	849
Offsetting	**(63,070)**	(43,377)	**(3,838)**	(849)
Deferred tax assets (after offsetting)	**5,899**	129,741	**–**	–

Notes to the Financial Statements

17. DEFERRED TAX (CONT'D.)

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	**(45,928)**	(31,394)	**–**	–
Film library and programme rights	**(14,943)**	(11,396)	**–**	–
Interest receivable	**(14,706)**	(13,090)	**(14,706)**	(13,117)
	(75,577)	(55,880)	**(14,706)**	(13,117)
Offsetting	**63,070**	43,377	**3,838**	849
Deferred tax liabilities (after offsetting)	**(12,507)**	(12,503)	**(10,868)**	(12,268)

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
The deferred tax assets are expected to be reversed as follows:				
Within one year	**387**	104,605	**–**	–
After one year	**5,512**	25,136	**–**	–
Total deferred tax assets	**5,899**	129,741	**–**	–

The Directors have reviewed the business plans for the relevant subsidiaries and are of the opinion that sufficient taxable income will be generated in future financial years to utilise the tax losses and capital allowances carried forward.

The Group has the following amounts of tax losses, capital allowances and other temporary differences carried forward in relation to companies in Malaysia, Hong Kong and other countries for which the related tax effects have not been included in the financial statements:

	Group 2010 RM'000	Group 2009 RM'000
Tax losses carried forward	**643,702**	472,849
Capital allowances carried forward	**38,400**	14,516
Other temporary differences carried forward	**9,874**	5,209

17. DEFERRED TAX (CONT'D.)

In addition, certain Malaysian subsidiaries have unutilised investment tax allowances which amounted to approximately:

	Group 2010 RM'000	Group 2009 RM'000
Investment tax allowances	**25,613**	25,613

The benefits of unutilised tax losses, capital allowances 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 and investment tax allowances to be utilised respectively.

18. FINANCIAL ASSETS

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Non-current				
Investments in:				
– Private debt papers and bonds	**20,000**	–	**10,000**	–
– Cumulative redeemable convertible preference shares, net of impairment	**–**	3,000	**–**	–
	20,000	3,000	**10,000**	–
Current				
Investments in private debt papers and bonds	**15,000**	–	**5,000**	–
	35,000	3,000	**15,000**	–

The carrying amount of the investments approximates its fair value.

19. FILM LIBRARY AND PROGRAMME RIGHTS

	Group 2010 RM'000	Group 2009 RM'000
Cost	**1,539,036**	1,430,773
Accumulated amortisation and impairment	**(1,324,904)**	(1,169,027)
Production in progress	**25,524**	15,190
Net book amount	**239,656**	276,936
Net book amount		
At 1 February	**276,936**	315,600
Additions	**286,668**	289,000
Disposal	**(31,387)**	–
Amortisation charge	**(253,132)**	(234,641)
Impairment	**(6,843)**	(6,522)
Costs arising from a reorgnisation exercise in the Library Licensing and Distribution segment	**(13,706)**	–
Amounts related to the costs of cessation of the DTH business proposal in Indonesia and expenses previously incurred in its development (Note 7)	**–**	(108,118)
Currency translation differences	**(18,880)**	21,617
At 31 January	**239,656**	276,936

20. INTANGIBLE ASSETS

Group	Goodwill RM'000	Software costs RM'000	Others RM'000	Total RM'000
At 1 February 2008				
Cost	345	220,916	42,686	263,947
Accumulated amortisation and impairment	–	(106,262)	(20,548)	(126,810)
Net book amount	345	114,654	22,138	137,137
At 1 February 2008	345	114,654	22,138	137,137
Additions	–	70,216	–	70,216
Amortisation charge	–	(30,352)	(9,297)	(39,649)
Amounts related to the costs of cessation of the DTH business proposal in Indonesia (Note 7)	–	(925)	–	(925)
Currency translation differences	–	(3,895)	769	(3,126)
At 31 January 2009	345	149,698	13,610	163,653
At 31 January 2009				
Cost	345	287,344	44,645	332,334
Accumulated amortisation and impairment	–	(137,646)	(31,035)	(168,681)
Net book amount	345	149,698	13,610	163,653

Notes to the Financial Statements

20. INTANGIBLE ASSETS (CONT'D.)

Group	Goodwill RM'000	Software costs RM'000	Others RM'000	Total RM'000
Net book amount				
At 1 February 2009	345	149,698	13,610	163,653
Additions	1,392	70,691	–	72,083
Transfers between classes	–	8,898	–	8,898
Amortisation charge	–	(38,305)	(9,734)	(48,039)
Impairment	(1,392)	(6,793)	–	(8,185)
Currency translation differences	–	1,639	(1,142)	497
At 31 January 2010	345	185,828	2,734	188,907
At 31 January 2010				
Cost	345	355,474	42,736	398,555
Accumulated amortisation and impairment	–	(169,646)	(40,002)	(209,648)
Net book amount	**345**	**185,828**	**2,734**	**188,907**

The remaining amortisation period of software costs at the end of the financial year ranged from 1 month to 7 years (2009: 1 month to 7 years). Included in software costs is software development of RM73,598,000 (2009: RM45,742,000).

20. INTANGIBLE ASSETS (CONT'D.)

Company	Software costs 2010 RM'000	Software costs 2009 RM'000
At 1 February		
Cost	**11,679**	4,864
Accumulated amortisation	**(1,960)**	(128)
Net book amount	**9,719**	4,736
Additions	**3,024**	6,802
Amortisation charge	**(3,200)**	(1,832)
Transfer to subsidiary	**(5)**	–
Transfer between classes	**–**	13
At 31 January	**9,538**	9,719
At 31 January		
Cost	**14,696**	11,679
Accumulated amortisation	**(5,158)**	(1,960)
Net book amount	**9,538**	9,719

21. INVENTORIES

	Group 2010 RM'000	Group 2009 RM'000
At cost		
Set-top boxes	**16,336**	28,369
Tapes and other materials	**5,857**	10,776
	22,193	39,145

22. RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables	**476,201**	443,981	**–**	–
Impairment of trade receivables	**(137,440)**	(121,961)	**–**	–
Trade receivables – net	**338,761**	322,020	**–**	–
Other receivables, net of impairment	**267,072**	156,875	**8,671**	5,236
Amounts due from investments accounted for using the equity method	**171**	20,190	**–**	–
Amounts due from related parties	**90,834**	26,621	**1,410**	365
Prepayments	**116,633**	153,829	**76**	87
	813,471	679,535	**10,157**	5,688

Other receivables are stated net of impairment of RM7,800,000 (FY2009: RM3,868,000) at Group level. Amounts due from related parties are unsecured and have no fixed terms of repayment.

	Group	
	2010 RM'000	2009 RM'000
Movement in impairment of receivables		
At beginning of financial year	**125,829**	81,988
Charge for the year	**64,837**	55,234
Amounts written off	**(45,629)**	(11,604)
Currency translation differences	**203**	211
At end of financial year	**145,240**	125,829

22. RECEIVABLES AND PREPAYMENTS (CONT'D.)

Credit terms of trade receivables range from nil to 60 days.

Total net receivables excluding prepayments were denominated in the following currencies:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia ("RM")	**474,110**	319,436	**8,240**	4,560
United States Dollar ("USD")	**160,771**	126,057	**187**	321
Hong Kong Dollar ("HKD")	**4,241**	38,246	**42**	40
Indian Rupee ("INR")	**24,745**	29,132	**72**	–
Others	**32,971**	12,835	**1,540**	680
	696,838	525,706	**10,081**	5,601

23. DERIVATIVE FINANCIAL INSTRUMENTS

Group	2010		2009	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Forward foreign currency exchange contracts – cash flow hedges	**–**	**–**	2,440	–
Interest-rate swap – cash flow hedges	**–**	**23,684**	–	23,647

Interest-rate swap

The notional principal amount of the outstanding interest rate swap contract at 31 January 2010 was USD101 million (FY2009: USD101 million).

The maturity profiles of the derivative financial instruments are disclosed in Note 32(b) of the financial statements.

Notes to the Financial Statements

24. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits with licensed banks and financial institutions	**500,777**	949,725	**87,321**	22,997
Unit trusts in cash/money markets	**53,733**	–	**–**	–
Cash and bank balances	**129,043**	108,351	**1,326**	323
Cash and cash equivalents	**683,553**	1,058,076	**88,647**	23,320

Deposits of the Group and of the Company have an average maturity of 12 days (FY2009: 11 days) and 13 days (FY2009: 3 days) respectively for the financial year.

The effective interest rates per annum for deposits are between 0.02% to 3.6% (FY2009: 0.2% to 3.6%) for the financial year. The effective interest rates per annum on deposits for the Company are between 0.2% to 2.7% (FY2009: 0.2% to 3.5%) for the financial year.

Investment in unit trust in cash/money markets made by the Group can be purchased or liquidated with one day's notice. Unit trust in cash/money markets sold during the year had an average maturity of 159 days with weighted average return per annum of 2.55%.

Deposits, unit trusts, cash and bank balances are denominated in the following currencies:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
RM	**580,503**	986,018	**88,647**	6,633
USD	**80,622**	37,548	**–**	16,687
HKD	**18,107**	29,033	**–**	–
Others	**4,321**	5,477	**–**	–
	683,553	1,058,076	**88,647**	23,320

25. PAYABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current				
Trade payables and accruals	**478,618**	430,824	**–**	–
Other payables and accruals	**478,772**	609,689	**22,706**	22,056
Amounts due to related parties	**21,491**	53,115	**770**	4,138
Unearned revenue	**154,833**	124,397	**–**	–
	1,133,714	1,218,025	**23,476**	26,194
Non-current				
Trade payables and accruals	**232,784**	268,351	**–**	–
Other payables and accruals	**548**	–	**–**	–
Amounts due to investment accounted for using the equity method	**–**	290	**–**	–
Amounts due to related parties	**17,536**	17,519	**–**	–
	250,868	286,160	**–**	–

The amounts due to related parties are unsecured, interest free and have no fixed terms of repayment.

Credit terms granted by vendors generally range from 0 to 90 days. Vendors of set-top boxes have granted extended payment terms of 24 months 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 Funds + margin of up to 0.6% 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 Funds + 0.5% per annum calculated at 360 or 365 days respectively from issuance date.

The effective interest rates for the financial year range between 0.4% and 5.4% (FY2009: 1.8% and 6.6%) per annum.

25. PAYABLES (CONT'D.)

Total payables (excluding unearned revenue) were denominated in the following currencies:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
RM	**587,687**	555,285	**15,391**	12,561
USD	**600,256**	648,738	**3,046**	9,832
INR	**2,231**	3,450	**–**	179
EURO	**732**	132,820	**14**	46
HKD	**11,742**	6,159	**35**	36
Others	**27,101**	33,336	**4,990**	3,540
	1,229,749	1,379,788	**23,476**	26,194

26. BORROWINGS

		Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current					
Bank loan (secured)	(a)	**5,165**	3,866	**–**	–
Finance lease liabilities (not later than 1 year)	(b)	**25,045**	32,955	**–**	–
USD Facilities (unsecured)	(c)	**–**	356,890	**–**	356,890
		30,210	393,711	**–**	356,890

26. BORROWINGS (CONT'D.)

		Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-current					
Finance lease liabilities	(b)				
Later than 1 year but not more than 5 years		**198,643**	151,294	**–**	–
Later than 5 years		**707,583**	461,973	**–**	–
		906,226	613,267	**–**	–
USD Facilities (unsecured)	(c)	**–**	160,622	**–**	160,622
Syndicated term and revolving Facilities (unsecured)	(d)	**688,898**	363,414	**–**	–
Term loan facility (unsecured)	(e)	**60,626**	–	**–**	–
		1,655,750	1,137,303	**–**	160,622
		1,685,960	1,531,014	**–**	517,512
Total borrowings are denominated in the following currencies:					
RM		**2,744**	646,222	**–**	–
USD		**1,678,051**	880,926	**–**	517,512
Others		**5,165**	3,866	**–**	–
		1,685,960	1,531,014	**–**	517,512

Notes to the Financial Statements

26. BORROWINGS (CONT'D.)

The effective interest rates of the Group's borrowings range between 0.8% to 3.5% (FY2009: 1.3% to 12.9%) per annum for the financial year.

The effective interest rates of the Company's borrowings range between 1.4% to 2.1% (FY2009: 1.3%) per annum for the financial year.

(a) Bank loan (secured)

Standby letters of credit have been provided as security for the bank loan.

(b) Finance lease liabilities

Finance lease liabilities include the lease of transponders on the MEASAT 3 satellite and MEASAT 3a satellite from MEASAT Satellite Systems Sdn Bhd, a related party.

The following is a summary of the minimum lease payments:

	Group	
	2010 RM'000	**2009 RM'000**
Minimum lease payments:		
Not later than 1 year	**78,183**	71,077
Later than 1 year and not more than 5 years	**456,602**	283,913
Later than 5 years	**978,289**	586,410
	1,513,074	941,400
Future finance charges on finance lease	**(581,803)**	(295,178)
Present value of lease rental obligation	**931,271**	646,222

The finance lease liabilities are effectively secured as the rights of the leased asset revert to the lessor in the event of default.

26. BORROWINGS (CONT'D.)

(c) USD300 million Guaranteed Term and Revolving Facilities ("USD Facilities") (unsecured)

The Company had on 16 October 2009 repaid the full amount outstanding under the USD300 million Guaranteed Term and Revolving Facilities.

(d) Syndicated term and revolving facilities (unsecured)

The Company's wholly-owned subsidiary, ASTRO Global Ventures (L) Ltd ("AGV") had on 7 March 2008 entered into a syndicated term and revolving facilities ("Facilities") agreement arranged by Citibank Malaysia (L) Limited and DBS Bank Ltd.

The Facilities which had been committed to-date in US Dollars ("USD"), are guaranteed by the Company and had been utilised to meet the Group's funding requirements and general working capital. The amount currently outstanding under the Facilities will mature on 7 March 2013.

The amount of the Facility that has been drawdown is hedged using interest-rate swaps as disclosed in Note 23 to the financial statements.

(e) Term loan facility (unsecured)

On 18 November 2009, AGV has obtained a term loan facility ("Facility") from DBS Bank Ltd in the aggregate amount of USD35 million. The Facility is guaranteed by the Company and has a tenure of 3 1/2 years from the first date of utilisation of the Facility. Amounts borrowed under the Facility are to be applied towards the Group's general corporate and working capital purposes.

27. SHARE CAPITAL

	Group and Company 2010 RM'000	Group and Company 2009 RM'000
Authorised		
Ordinary shares of 10p each		
At beginning/end of financial year (3,000,000,000 ordinary shares)	**1,851,000**	1,851,000
Issued and fully paid		
Ordinary shares of 10p each		
At beginning of financial year (1,934,035,561 (FY2009: 1,934,032,561) ordinary shares)	**1,200,051**	1,200,049
Shares issued pursuant to exercise of share options (161,100 (FY2009: 3,000) ordinary shares)	**90**	2
At end of financial year (1,934,196,661 (FY2009: 1,934,035,561) ordinary shares)	**1,200,141**	1,200,051

The issue of shares related to amounts issued through the ESOS for a cash consideration of RM374,000 (FY2009: RM11,000).

28. SHARE-BASED PAYMENT

2003 Employee Share Option Scheme ('ESOS') and 2003 Management Share Incentive Scheme ('MSIS') (collectively the 'Schemes')

The Company's ESOS and MSIS came into effect on 22 October 2003 for a period of 10 years. These Schemes are governed by the 2003 ESOS Bye-Laws, which were approved by the Board of Directors and Shareholders of the Company on 29 September 2003.

28. SHARE-BASED PAYMENT (CONT'D.)

The main features of the ESOS and MSIS are as follows:

- The total number of shares which may be issued by the Company shall not exceed in aggregate 10% of the Company's issued and fully paid share capital at any time during the existence of these Schemes.
- The total number of shares which may be issued under options granted under these Schemes to executive directors and members of senior management of the Company and its subsidiaries shall not exceed in aggregate 50% of the shares available under these Schemes.
- The total number of shares which may be issued under options granted under these Schemes to any employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and fully paid share capital of the Company shall not exceed in aggregate 10% of the shares available under these Schemes.
- Subject to the discretion of the Board, any employee (including an executive director) shall be eligible to participate in the ESOS.
- The option price under the ESOS and MSIS initial grant is the price at which a share was subscribed for by a retail investor under the Initial Public Offering ('IPO').
- The option price under the ESOS and MSIS for any subsequent grant, is the weighted average of the market price quotation of shares for the five market days immediately preceding the date on which the option is granted less, if the Board of Directors shall so determine at their discretion from time to time, a discount of not more than 10% or the par value of a share, whichever is higher.
- Details of the share option eligibility criteria may be obtained by the employees from the Human Resource Division.
- No option shall be granted pursuant to these Schemes on or after the tenth anniversary of the date on which these Schemes shall become effective, and no awards granted prior to such tenth anniversary may extend beyond that.

Notes to the Financial Statements

28. SHARE-BASED PAYMENT (CONT'D.)

2003 Employee Share Option Scheme ("ESOS") and 2003 Management Share Incentive Scheme ("MSIS") (collectively the "Schemes") (Cont'd.)

The movement of the number of share options outstanding and their related weighted average exercise prices are as follows:

	2010		2009	
	Average exercise price per share RM	Number of options	Average exercise price per share RM	Number of options
Group and Company				
ESOS				
At beginning of financial year	**4.07**	**93,019,278**	4.41	86,090,466
Granted	**2.67**	**25,838,800**	2.76	22,032,400
Forfeited	**2.87**	**(10,145,307)**	4.04	(15,100,588)
Exercised	**2.16**	**(161,000)**	3.65	(3,000)
At end of financial year	**3.85**	**108,551,771**	4.07	93,019,278
Exercisable at end of period	**4.31**	**75,398,871**	4.44	61,320,878
Group and Company				
MSIS				
At beginning / end of financial year	**3.73**	**6,384,060**	3.73	6,384,060
Exercisable at end of period	**3.73**	**6,384,060**	3.73	6,384,060

ESOS

The share options granted give the option holders the right to purchase the shares of the Company and will expire on 21 October 2013. The share options vest over a timeline as stipulated in the ESOS Letter of Offer and criteria stated therein. The weighted average share price of the ESOS exercised during the financial year was RM2.77 (FY2009: RM3.09).

28. SHARE-BASED PAYMENT (CONT'D.)

2003 Employee Share Option Scheme ("ESOS") and 2003 Management Share Incentive Scheme ("MSIS") (collectively the "Schemes") (Cont'd.)

ESOS (Cont'd.)

The options over ordinary shares of the Company outstanding under the ESOS as at end of financial years, consist of the following:

	Number of options over ordinary shares	
Exercise price	**2010**	**2009**
RM5.00 to RM6.00	**3,161,700**	3,161,700
RM4.00 to RM4.99	**57,361,495**	58,018,802
RM3.00 to RM3.99	**32,322,876**	22,022,576
RM2.00 to RM2.99	**10,629,100**	9,816,200
RM1.00 to RM1.99	**5,076,600**	–
	108,551,771	93,019,278

MSIS

The share options granted give the option holders the right to purchase the shares of the Company and will expire on 21 October 2013. A substantial number of the shares options vested on 30 April 2007 and are exercisable from 22 October 2007.

The options over ordinary shares of the Company outstanding under the MSIS as at end of financial years, consist of the following:

	Number of options over ordinary shares	
Exercise price	**2010**	**2009**
RM4.00 to RM4.99	**509,310**	509,310
RM3.00 to RM3.99	**5,874,750**	5,874,750
	6,384,060	6,384,060

28. SHARE-BASED PAYMENT (CONT'D.)

2003 Employee Share Option Scheme ("ESOS") and 2003 Management Share Incentive Scheme ("MSIS") (collectively the "Schemes") (Cont'd.)

The Group incurred a charge of RM12,646,000 (FY2009: RM13,898,000) in respect of share-based payments to eligible employees within the Group. Included in this amount was the Parent Company's charge of RM4,078,000 (FY2009: RM1,708,000). The remaining amount of RM8,568,000 (FY2009: RM12,190,000) was recharged to respective subsidiaries within the Group.

The weighted average fair value of options granted during the period was determined using the Binomial valuation model. Key inputs and assumptions used to estimate the fair value of the share option includes the weighted average share price at the grant date, average risk free interest rate, weighted average expected dividend yield, exercise prices and the standard deviation of expected share price returns. The standard deviation of expected share price returns is based on statistical analysis of weekly closing share prices from 6 May 2005 to 30 October 2009.

Inputs into the model:

	2010	2009
Share Price at the date of exercised / Average Exercise price	**RM3.28**	RM4.04
Weighted average grant date share price	**RM2.77**	RM3.09
Weighted average fair value of option	**RM1.19**	RM1.06
Average risk free rate	**3.40%**	3.83%
Weighted average expected dividend yield	**2.00%**	2.13%
Expected volatility	**33.34%**	26.65%

Options granted under the ESOS and MSIS schemes do not carry any dividend or voting rights prior to the exercise of the options and will be subject to the provisions of the Memorandum and Articles of Association. Upon the exercise of the options, shares issued shall rank pari passu in all respects with existing ordinary shares of the Company.

29. SHARE PREMIUM (NON-DISTRIBUTABLE)

	Group and Company	
	2010 RM'000	2009 RM'000
Premium on ordinary shares of 10p each		
At beginning of financial year	**31,638**	31,629
Premium on issuance of ordinary shares:		
– pursuant to exercise of share options	**284**	9
At end of financial year	**31,922**	31,638

30. MERGER RESERVE (NON-DISTRIBUTABLE)

Group

The merger reserve arose from the Company's business combination with ASTRO Overseas Limited ("AOL") prior to the introduction of IFRS 3 'Business Combinations'. The merger reserve represents the excess of the value of the share capital of AOL acquired of RM1,242,875,000 over the nominal value of shares of the Company being issued of RM724,429,000.

31. MINORITY INTERESTS

	Group	
	2010 RM'000	2009 RM'000
At beginning of financial year	**–**	1,263
Dilution of equity interest in a subsidiary	**–**	2
Share of net losses	**–**	(1,265)
At end of financial year	**–**	–

32. FINANCIAL INSTRUMENTS

(a) Credit risk

The Group and Company are exposed to credit risk arising from the financial assets of the Group, which comprise receivables, cash and cash equivalents and derivative financial instruments.

Trade receivables

Concentration of credit risk with respect to trade receivables are limited due to the Group's large number of customers. The Directors believe that there is no additional credit exposure above the amounts provided.

The credit quality of trade receivables that were neither past due nor impaired as at the balance sheet date, can be assessed by reference to historical information relating to counterparty default rates:

	Group	
	2010 RM'000	2009 RM'000
Customers with no defaults in the past	**236,231**	125,648
Customers with some defaults in the past (all defaults were fully recovered)	**6,219**	98,890
	242,450	224,538

32. FINANCIAL INSTRUMENTS

(a) Credit risk (Cont'd.)

Trade receivables (Cont'd.)

As at 31 January 2010, the analysis of the age of trade receivables that were past due but not impaired is as follows:

Group	Past due but not impaired					
	Not later than 30 days RM'000	Between 31 and 60 days RM'000	Between 61 and 90 days RM'000	Between 91 and 120 days RM'000	Over 120 days RM'000	Total RM'000
As at 31 January 2010	**3,840**	**45,793**	**18,485**	**5,553**	**22,640**	**96,311**
As at 31 January 2009	4,442	43,145	11,517	10,562	27,816	97,482

Other financial assets

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

In addition, a majority of the Group's deposits are placed with financial institutions with strong short-term credit rating in Malaysia. Investments in unit trusts are made in cash/money market, i.e. very liquid funds.

32. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Liquidity risk

The table below summarises the maturity profile of the Group and Company's financial liabilities (borrowings and payables, excluding unearned revenue) at 31 January 2010 based on contractual undiscounted payments:

Group	On demand RM'000	Within 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000	Total RM'000
At 31 January 2010					
Borrowings	**–**	**83,348**	**1,206,126**	**978,289**	**2,267,763**
Payables	**59,902**	**838,046**	**331,768**	**33**	**1,229,749**
Derivative financial instruments – financial liabilities	**–**	**23,684**	**–**	**–**	**23,684**
	59,902	**945,078**	**1,537,894**	**978,322**	**3,521,196**
At 31 January 2009					
Borrowings	–	439,844	810,162	586,410	1,836,416
Payables	304,245	756,809	339,049	18	1,400,121
Derivative financial instruments – financial liabilities	–	23,647	–	–	23,647
	304,245	1,220,300	1,149,211	586,428	3,260,184

32. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Liquidity risk (Cont'd.)

Company	On demand RM'000	Within 1 year RM'000	Between 1 and 5 years RM'000	Total RM'000
At 31 January 2010				
Payables	**7,438,935***	**18,150**	**–**	**7,457,085**
At 31 January 2009				
Borrowings	–	364,900	162,835	527,735
Payables	6,884,463*	20,498	–	6,904,961
	6,884,463	385,398	162,835	7,432,696

* *A majority of the payables on demand were amounts due to wholly-owned subsidiaries of RM7,433,609,000 (FY2009: RM6,878,767,000)*

(c) Market risk

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group and Company's profit or loss before taxation. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in the exchange rate.

Group	Increase/ decrease in USD rate	Effect on profit/(loss) before tax RM'000	Effect on equity RM'000
2010	**+10%**	**(91,666)**	**–**
	–10%	**91,666**	**–**
2009	+10%	(111,124)	18,808
	–10%	111,124	(18,808)

Notes to the Financial Statements

32. FINANCIAL INSTRUMENTS (CONT'D.)

(c) Market risk (Cont'd)

Foreign currency sensitivity (Cont'd)

Company	Increase/ decrease in USD rate	Effect on profit/(loss) before tax RM'000	Effect on equity RM'000
2010	**+10%**	**(73,555)**	**–**
	–10%	**73,555**	**–**
2009	+10%	(56,108)	–
	–10%	56,108	–

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group and Company's profit or loss before taxation. The sensitivity analysis is determined based on the impact on floating rate financial instruments at the balance sheet date.

Group	Increase/ decrease in basis points	Effect on profit/(loss) before tax RM'000	Effect on equity RM'000
2010	**+100**	**(4,959)**	**3,459**
	–100	**4,959**	**(3,459)**
2009	+100	(4,451)	3,635
	–100	4,451	(3,635)

32. FINANCIAL INSTRUMENTS (CONT'D.)

(c) Market risk (Cont'd)

Interest rate sensitivity (Cont'd)

Company	Increase/ decrease in USD rate	Effect on profit/(loss) before tax RM'000	Effect on equity RM'000
2010	**+100**	**6,009**	**–**
	–100	**(6,021)**	**–**
2009	+100	(2,195)	–
	–100	2,195	–

(d) Capital risk management

The Group and Company's objectives when managing capital are to safeguard the Group and Company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group and Company consists of borrowings, cash and cash equivalents and total equity, comprising issued share capital, reserves and minority interests, as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Total borrowings	**1,685,960**	1,531,014	**–**	517,512
Less: cash and cash equivalents	**(683,553)**	(1,058,076)	**(88,647)**	(23,320)
	1,002,407	472,938	**(88,647)**	494,192
Total equity	**890,917**	799,540	**2,940,344**	3,108,072
Total capital	**1,893,324**	1,272,478	**2,851,697**	3,602,264

32. FINANCIAL INSTRUMENTS (CONT'D.)

(d) Capital risk management (Cont'd.)

The Group and Company will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the repayment of existing borrowings.

No changes were made in the objectives, policies or processes during the year ended 31 January 2010.

(e) Fair values

The carrying amounts of the Group's financial assets and liabilities at the balance sheet date approximate their fair values except as set out below:

Group	2010 Carrying amounts RM'000	2010 Fair value RM'000	2009 Carrying amounts RM'000	2009 Fair value RM'000
Fixed rate financial liabilities which are denominated in RM				
Finance lease liabilities	**931,271**	**1,064,669**	646,222	506,874

The interest on non-current payables and borrowings are charged on a floating rate basis and hence the carrying amounts approximate their fair values at the respective balance sheet dates.

The fair value of derivative financial instruments are disclosed in Note 23.

32. FINANCIAL INSTRUMENTS (CONT'D.)

(e) Fair values (Cont'd.)

Fair value hierarchy

As at 31 January 2010, the Group held the following financial instruments measured at fair value:

The Group uses the following hierarchy for determining and disclosing fair value of financial instruments by valuation technique:

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 or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Liabilities measured at fair value:

	Carrying amounts RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Cash flow hedges				
– Interest-rate swap	23,684	–	23,684	–

During the financial year ended 31 January 2010, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Notes to the Financial Statements

33. SIGNIFICANT RELATED PARTY DISCLOSURES

The Group has a number of related party transactions and the Group's policy is, where practicable, to agree terms with the related parties which are similar to those that would be available if the transaction was contracted with a third party.

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

The principal companies associated with UTSB are Tanjong Public Limited Company ("Tanjong") and Maxis Berhad ("Maxis"). MAI Holdings Sdn. Bhd. is ultimately controlled by Ananda Krishnan Tatparanandam.

Related parties	**Relationship**
Kristal-Astro Sdn. Bhd.	Associate of the Company
AETN All Asia Networks Pte Ltd	Jointly controlled entity of the Company
Maxis Broadband Sdn. Bhd.	Subsidiary of Maxis
Maxis Mobile Services Sdn. Bhd.	Subsidiary of Maxis
UTSB Management Sdn. Bhd.	Subsidiary of UTSB
SRG Asia Pacific Sdn. Bhd.	Subsidiary of UTSB
MEASAT Satellite Systems Sdn. Bhd.	Subsidiary of MAI Holdings Sdn. Bhd.
Yes Television (Hong Kong) Limited ("Yes TV")	Yes TV is a substantial shareholder of two subsidiaries in the Group. Two of Yes TV's directors are also directors in these subsidiaries.

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

The following significant transactions were carried out with related parties:

(a) Sales of goods and services

	2010 RM'000	**2009 RM'000**
Maxis Mobile Services Sdn. Bhd. (Multimedia and interactive sales and other services)	**3,944**	8,421
Maxis Broadband Sdn. Bhd. (Multimedia and interactive sales and other services)	**2,331**	2,092
Kristal-Astro Sdn. Bhd. (Set-top box sales, sales of programme rights, technical support and other services)	**22,127**	26,267
AETN All Asia Networks Pte Ltd (Playout channel service fee, subtitling and other services)	**5,811**	5,360
MEASAT Satellite Systems Sdn. Bhd. (Playout channel service fee)	**477**	–

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

(b) Purchases of goods and services

	2010 RM'000	2009 RM'000
UTSB Management Sdn. Bhd. (Personnel, strategic, consultancy and support services)	**14,832**	15,418
Yes Television (Hong Kong) Limited (Personnel, strategic, consultancy and support services)	**3,180**	2,931
Maxis Broadband Sdn. Bhd. (Telecommunication services and other charges)	**3,616**	8,939
SRG Asia Pacific Sdn. Bhd. (Interaction call center services)	**4,067**	1,481
MEASAT Satellite Systems Sdn. Bhd. ("MSS") (Expenses and payment related to finance lease, rental and other charges)	**67,873**	76,361
AETN All Asia Networks Pte Ltd (Turnaround channel transmission rights and playout channel service deposit)	**8,587**	13,086

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

(c) Year end balances arising from (a) and (b) above

	2010 RM'000	2009 RM'000
Receivable from related parties		
Maxis Mobile Services Sdn. Bhd.	**5,461**	3,737
Maxis Broadband Sdn. Bhd.	**229**	744
Kristal-Astro Sdn. Bhd.	**–**	20,000
AETN All Asia Networks Pte Ltd	**7,808**	5,383
Payable to related parties		
UTSB Management Sdn. Bhd.	**6,212**	31,203
Yes Television (Hong Kong) Limited	**96**	813
Maxis Broadband Sdn. Bhd.	**2,293**	3,458
SRG Asia Pacific Sdn. Bhd.	**690**	1,069
MEASAT Satellite Systems Sdn. Bhd.	**2,182**	4,127
AETN All Asia Networks Pte Ltd	**174**	7,031

Key management personnel's remuneration and emoluments excluding Directors:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Salaries and short term employee benefits	**8,205**	7,227	**3,307**	2,626
Defined contribution plan	**936**	868	**155**	150
Share-based payments	**632**	409	**195**	201
	9,773	8,504	**3,657**	2,977

Key management personnel comprise members of the senior management team who are directly responsible for the financial and operating policies and decisions of the Group and Company.

Directors' remuneration and emoluments are disclosed in Note 8.

34. COMMITMENTS

(a) Capital commitments

Capital commitments approved and contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Plant and equipment	**194,174**	45,456	**68**	166
Intangible assets	**2,633**	2,212	**1,134**	649
Interest in investments accounted for using the equity method				
– Associates	**19,717**	20,355	**–**	–
– Jointly control entities	**92,392**	169,514	**–**	–
Finance lease commitments	**–**	262,044	**–**	–
	308,916	499,581	**1,202**	815

Capital commitment for investment in an associate

The capital commitment for investment in TVBPH relates to the remaining payment for uncalled ordinary share capital following the acquisition on 20 August 2003 of an additional 10% of the issued ordinary share capital (of which 7.9% has been fully paid) ("Uncalled Shares"). Subject to meeting certain requirements, these payments are to be settled in four tranches of HKD9,675,000 each, two of which were due for payment on 30 September 2004 and another two on 30 June 2005. As at 31 January 2010, the Group was negotiating for the deferment of the payments.

The Uncalled Shares rank pari passu in all respect with the existing shares except that the Uncalled Shares shall be credited when paid and voting rights shall accrue in proportion to the amounts paid and dividends shall be apportioned and paid pro-rata according to the amounts paid on the Uncalled Shares. The shareholding in TVBPH will increase from 26.3% (FY2009: 26.3%) to 30.0% (FY2009: 30.0%) upon the full payment of the Uncalled Shares.

34. COMMITMENTS

(b) Programming commitments

The Group has the following contracted film library and programme rights at the balance sheet date which have not been recognised in the financial statements:

	Group	
	2010 RM'000	2009 RM'000
Film library and programme rights	**83,141**	81,835

(c) Operating lease commitments (non-cancellable)

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2010 RM'000	2009 RM'000
Not later than 1 year	**13,368**	13,776
Later than 1 year and not more than 5 years	**5,895**	5,895
Later than 5 years	**9,580**	9,580
	28,843	29,251

35. CONTINGENT LIABILITIES

(a) As at 31 January 2010, the Group has provided guarantees to third parties amounting to RM102,120,000 of which RM100,640,000 (FY2009: RM49,071,000) was in respect of loan facility secured by a jointly controlled entity and RM1,480,000 (FY2009: RM1,487,000) in respect of licence fees in a subsidiary.

(b) Save as disclosed below, neither the Company nor its subsidiary companies has been or is involved in any material litigation or claims. The Company has been advised that there are compelling arguments to support its defence against the claims disclosed below, and accordingly, no provision has been recognised in the financial statements.

35. CONTINGENT LIABILITIES (CONT'D.)

(i) Ruling of the Komisi Pengawas Persaingan ("KPPU")

In response to complaints by several parties, the KPPU, an Indonesian regulatory body, ruled on 29 August 2008 ("KPPU Ruling") that All Asia Multimedia Networks FZ-LLC ("AAMN"), a wholly-owned subsidiary of the Company, was in breach of competition laws in Indonesia and ordered, among other things, AAMN to maintain and protect the interest of pay-TV consumers in Indonesia until legal settlement is made in connection with the ownership status of PT Direct Vision ("PTDV").

On 8 October 2008, AAMN filed an appeal with the Central Jakarta District Court against the findings of the KPPU but the appeal was dismissed on 2 December 2008.

On 15 December 2008, AAMN filed an appeal to request the Supreme Court of Indonesia to review the decision of the Central Jakarta District Court. On 14 October 2009 AAMN received formal notification that the Supreme Court of Indonesia had dismissed AAMN's appeal.

AAMN had on 9 April 2010, filed a submission requesting for a civil review of the decision of the Supreme Court of Indonesia.

(ii) Sky Vision Objection

PT MNC Sky Vision ("Sky Vision"), the operator of the Indovision pay-TV service in Indonesia, had filed an objection in the West Jakarta District Court against the KPPU Ruling (naming the KPPU as Petitionee and the Company, AAMN and 2 others as Co-Petitionees) arguing that, among other things, the KPPU Ruling releasing all reported parties from the charge under Indonesian Competition Law was wrongly decided. It also challenged the KPPU Ruling not to grant Sky Vision's request for compensation, and is seeking the cancellation of the agreement related to the transfer of Barclays' Premier League ("BPL content") for the period 2007-2010 and compensation in an amount of INR1,299,986,368,000.

On 9 February 2010, the West Jakarta District Court dismissed the Sky Vision claim. Sky Vision has since filed notice of its intention to appeal against the decision of the court.

35. CONTINGENT LIABILITIES (CONT'D.)

(iii) PT Ayunda Prima Mitra ("PT APM") Claim

PT APM has filed a claim by way of a civil suit in the South Jakarta District Court ("Court") naming as defendants, the Company, MEASAT Broadcast Network Systems Sdn Bhd ("MBNS"), AAMN and ten (10) others.

PT APM is alleging that the Company, MBNS and AAMN along with the other defendants, have acted unlawfully and is seeking, among other reliefs, to compel a completion of an alleged 'oral' joint venture agreement in PTDV and to prohibit the Company from ceasing the provision of services to PTDV and/or entering into any cooperation with another party relating to subscriber pay-TV in Indonesia, and an award of damages.

Without prejudice to all questions of service and jurisdiction, the Company, MBNS and AAMN attended the Court prescribed mediation sessions which has since been stopped and the case returned to the panel of District Court judges.

On 13 May 2009, the Court rejected Astro's challenge that PT APM's claim falls within the scope of a binding arbitration agreement set out in the SSA and held that it has jurisdiction to hear the dispute. Astro had accordingly filed a Notice of Appeal on 22 May 2009 against the decision of the Court to reject Astro's demurrer. This appeal is pending the hearing of the main proceedings.

On 17 September 2009, the Court dismissed PT APM's claim on grounds that PT APM had no legal standing to bring the action against Astro.

PT APM has on 23 March 2010, served on Astro's solicitors in Indonesia its Memorandum of Appeal appealing against the dismissal of its suit. Astro's solicitors will be filing a response to PT APM's Memorandum of Appeal.

Notes to the Financial Statements

35. CONTINGENT LIABILITIES (CONT'D.)

(iv) South Jakarta Class Action

Subscribers of PTDV have filed a class action civil suit at the South Jakarta District Court ("South Jakarta Class Action") against the Company, MBNS and AAMN over the terminated PTDV broadcast services. The subscribers are seeking, among others, an injunction to compel the Astro companies to continue their services and support to PTDV and damages for alleged loss of subscription fees paid in advance, installation fees and losses due to having switched over to PTDV from other TV operators.

On 18 March 2010, the South Jakarta District Court dismissed the claims of the plaintiffs with administrative costs on grounds that their claim did not fulfil the legal requirements stipulated by the Indonesian Civil Procedural Code. The Company has been advised that the plaintiffs are at liberty to appeal the decision or to file a new suit.

(v) Surabaya Class Action

Subscribers of PTDV have filed a class action civil suit at the Surabaya District Court ("Surabaya Class Action") against the Company, MBNS and AAMN over the terminated PTDV broadcast services. The subscribers' claims are similar to those of the South Jakarta Class Action.

On 4 August 2009, the Surabaya District Court delivered an interlocutory decision dismissing the claim with administrative costs. As no appeal has been filed by the subscribers within the prescribed timeframe, the decision of the Surabaya District Court has taken final and binding effect.

(vi) Medan Class Action

Subscribers of PTDV have filed a class action at the Medan District Court ("Medan Class Action") against the Company, MBNS and AAMN over the terminated PTDV broadcast services. The subscribers' claims are also similar to those of the South Jakarta Class Action.

Without prejudice to all questions of service and jurisdiction, the Company was represented by counsel at various preliminary hearings. The next hearing is fixed for 28 April 2010.

36. SIGNIFICANT POST BALANCE SHEET EVENTS

The Company had on 17 March 2010 received a Notice of Conditional Take-Over Offer ("Offer") from CIMB Investment Bank Berhad ("CIMB") on behalf of Astro Holdings Sdn Bhd ("AHSB" or "Offeror") to acquire all the voting shares in the Company ("Offer Shares") for a cash offer price of RM4.30 per Offer Share.

The Offer Shares shall comprise all of the existing issued and paid-up ordinary shares of 10 pence each in the Company ("ASTRO Shares") as at 17 March 2010 and any new ASTRO Shares that may be issued by the Company arising from the exercise, before the close of the take-over offer, of the options granted by the Company to its employees under the ESOS and MSIS.

The Offer shall be conditional upon the following:

(a) the Offerer having received, before the close of the Offer, valid acceptances (provided that such acceptances are not, where permitted, subsequently withdrawn) in respect of the Offer Shares, which would result in the Offeror and persons acting in concert (in accordance with Section 33 of the Securities Commission Act, 1993) with AHSB ("PACs") holding in aggregate, together with such ASTRO Shares that are already acquired, held or entitled to be acquired or held by the Offeror and PACs, if any, more than 90% of the voting shares of ASTRO; and

(b) consent or approval of any other relevant authorities or parties, if required.

The Board of Directors of the Company ("Board") noted that the Offeror had obtained irrevocable undertakings to accept the Offer from certain PACs who currently hold 72.91% of the Offer Shares and therefore, does not intend to seek an alternative person to make a takeover offer of the Offer Shares.

In accordance with the Malaysian Code on Take-overs and Mergers 1998 ("Code"), the Company, subject to the approval of the Securities Commission in accordance with Part IV Section 15(8) of the Code, had appointed Public Investment Bank Berhad as the Independent Advisers to advise the Independent Directors and holders of the Offer Shares on the reasonableness of the Offer, and J.P. Morgan Securities (Malaysia) Sdn Bhd to provide a valuation in respect of ASTRO Shares.

36. SIGNIFICANT POST BALANCE SHEET EVENTS (CONT'D.)

The Company had also appointed Kadir Andri & Partners, RHB Investment Bank Berhad and UBS Securities Malaysia Sdn Bhd as the advisers to the Company.

There were no other significant post balance sheet events as at 14 May 2010, other than as disclosed in Notes 35(b)(i), (ii), (iii), (iv) and 39.

37. INVESTMENTS IN SUBSIDIARIES

		Company	
		2010 RM'000	2009 RM'000
(a)	Unquoted shares in subsidiaries, at cost	**7,523,265**	7,998,107
(b)	Advances	**1,658,883**	1,366,635
		9,182,148	9,364,742

The list of principal subsidiaries of the Company is disclosed in Note 37(c) of the financial statements.

(a) Shares in subsidiaries

Company	Investment in unquoted shares RM'000	Investment in RPS/ RCPS RM'000	Total RM'000
At 1 February 2008	7,522,895	452,412	7,975,307
RCPS yield	–	22,800	22,800
At 31 January/1 February 2009	7,522,895	475,212	7,998,107
Additional investment in subsidiaries	350	–	350
RCPS yield	–	1,371	1,371
Redemption of RCPS by a subsidiary	–	(476,563)	(476,563)
At 31 January 2010	**7,523,245**	**20**	**7,523,265**

37. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(a) Shares in subsidiaries (Cont'd.)

On 23 February 2009, the total investment in RCPS above was fully redeemed by MBNS, a wholly owned subsidiary, for an amount of RM476,562,668 comprising the principal amount of RM285,000,000 (inclusive of share premium) and the accumulated yield of RM191,562,668 calculated up to the redemption date.

(b) Advances

Company	Advances RM'000	Interest on advances RM'000	Total RM'000
At 1 February 2008	1,000,445	114,781	1,115,226
Additions	496,052	38,155	534,207
Impairment	(273,582)	(9,216)	(282,798)
At 1 February 2009	1,222,915	143,720	1,366,635
Additions	334,504	31,587	366,091
Transfer from amount due from subsidiaries	43,886	–	43,886
Repayment	–	(24)	(24)
Currency translation differences	(890)	30	(860)
Impairment	(111,057)	(5,788)	(116,845)
At 31 January 2010	**1,489,358**	**169,525**	**1,658,883**

Notes to the Financial Statements

37. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Subsidiaries

All of the subsidiaries have been included in the financial statements. Details of principal subsidiaries are shown below:

Name of subsidiary	Country of incorporation	Class of shares	Effective interest 2010 %	Effective interest 2009 %	Principal activities
Directly held by the Company					
ASTRO Overseas Limited ("AOL")	Bermuda	Ordinary	**100**	100	Investment holding
MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS") (Note 36(c)(i))	Malaysia	Ordinary	**100**	100	Providing DTH satellite broadcasting services
MEASAT Publications Sdn. Bhd. ("MPUB")	Malaysia	Ordinary	**100**	100	Magazine publication and distribution
ASTRO Shaw Sdn. Bhd. ("ASSB")	Malaysia	Ordinary	**100**	100	Production and distribution of films
MBNS Multimedia Technologies Sdn. Bhd.	Malaysia	Ordinary	**100**	100	Research and development of multimedia related technologies
Digital Five Sdn. Bhd. ("D5SB")	Malaysia	Ordinary	**100**	100	Development and licensing of multimedia and interactive applications

37. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Subsidiaries (Cont'd.)

Name of subsidiary	Country of incorporation	Class of shares	Effective interest 2010 %	Effective interest 2009 %	Principal activities
Directly held by the Company (Cont'd.)					
MEASAT Radio Communications Sdn. Bhd.	Malaysia	Ordinary	**100**	100	Operation of commercial radio broadcasting stations
Maestra Broadcast Sdn. Bhd.	Malaysia	Ordinary	**100**	100	Operation of commercial radio broadcasting stations
Hotspotz.Com Sdn. Bhd.	Malaysia	Ordinary	**100**	100	Multimedia and interactive advertising
Airtime Management and Programming Sdn. Bhd. ("AMP")	Malaysia	Ordinary	**100**	100	Management of commercial radio broadcasting stations, content and programming provider and provision of multimedia and advertising agency services
Radio Lebuhraya Sdn. Bhd. ("RLSB")	Malaysia	Ordinary	**100**	100	Establish, operate and maintain a radio broadcasting station
ASTRO Global Ventures (L) Ltd	Malaysia	Ordinary	**100**	100	Undertaking corporate exercise

37. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Subsidiaries (Cont'd.)

Name of subsidiary	Country of incorporation	Class of shares	Effective interest 2010 %	Effective interest 2009 %	Principal activities
Subsidiaries held by AOL					
All Asia Radio Technologies Limited ("AART")	Hong Kong	Ordinary	**100**	100	Investment holding and engaging in radio broadcasting and provision of programming, operation of radio stations, airtime sales and marketing and its related activities.
ASTRO All Asia Entertainment Networks Limited ("AAAE")	Hong Kong	Ordinary	**100**	100	Investment holding
ASTRO Nusantara International B.V.	Netherlands	Ordinary	**100**	100	Investment holding
ASTRO Nusantara Holdings B.V.	Netherlands	Ordinary	**100**	100	Investment holding
All Asia Interactive Technologies (BVI) Ltd ("AAIT")	BVI	Ordinary	**100**	100	Investment holding
ASTRO (Brunei) Sdn. Bhd. ("ABSB")	Malaysia	Ordinary	**100**	100	Investment holding

37. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Subsidiaries (Cont'd.)

Name of subsidiary	Country of incorporation	Class of shares	Effective interest 2010 %	Effective interest 2009 %	Principal activities
Subsidiaries held by AOL (Cont'd.)					
MEASAT Broadcast Network Systems (BVI) Ltd	BVI	Ordinary	**100**	100	Investment holding
East Asia Entertainment (BVI) Ltd ("EAE")	BVI	Ordinary	**100**	100	Investment holding
Digital Software Exports Ltd ("DSEL")	Mauritius	Ordinary	**100**	100	Investment holding
ASTRO E.Com Ltd ("AECL")	Mauritius	Ordinary	**100**	100	Investment holding
South Asia Software Technologies Ltd ("SAST")	Mauritius	Ordinary	**100**	100	Investment holding
Philippine Animation N.V. ("PANV")	Netherlands Antilles	Ordinary	**100**	100	Investment holding
All Asia Multimedia Networks FZ-LLC	United Arab Emirates	Ordinary	**100**	100	Development and supply of multimedia products and services

Notes to the Financial Statements

37. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Subsidiaries (Cont'd.)

Name of subsidiary	Country of incorporation	Class of shares	Effective interest 2010 %	Effective interest 2009 %	Principal activities
Subsidiaries held by AOL (Cont'd.)					
South Asia Entertainment Holdings Ltd	Mauritius	Ordinary	**100**	100	Investment holding
Subsidiary held by MBNS					
MEASAT Digicast Sdn. Bhd. ("Digicast")	Malaysia	Ordinary	**100**	100	Letting of property and related services
Subsidiaries held by ASSB					
Tayangan Unggul Sdn. Bhd.	Malaysia	Ordinary	**100**	100	Film production, acquisition, commissioning and distribution
Nusantara Films Sdn. Bhd.	Malaysia	Ordinary	**100**	100	Production, acquisition, commissioning and distribution of films
Karya Anggun Sdn. Bhd.	Malaysia	Ordinary	**100**	100	Film production, acquisition, commissioning and distribution

37. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Subsidiaries (Cont'd.)

Name of subsidiary	Country of incorporation	Class of shares	Effective interest 2010 %	Effective interest 2009 %	Principal activities
Subsidiaries held by AMP					
DVR Player.Com Sdn. Bhd.	Malaysia	Ordinary	**100**	100	Provision of radio services via internet
MAMBO Networks Sdn. Bhd.	Malaysia	Ordinary	**100**	100	Provision of multimedia and interactive services and products
Adrep China Advertising Services Limited	The People's Republic of China	Ordinary	**100**	100	Provision of advertising agency services
Subsidiary held by SAST					
Airtime Marketing & Sales India Private Limited	India	Equity	**74**	74	Provision of consultancy, support services and studio facilities in the media sector
Subsidiary held by AECL and DSEL					
ASTRO Network India Private Limited ("ASTRO Network India")[1]	India	Equity	**74**	74	Internet service provider business

[1] *Deemed effective interest via DSEL's 49% equity interest in ASTRO Network India and AECL's 49% direct equity interest in ASTRO E.Com India Private Limited, which holds 51% equity interest in ASTRO Network India.*

37. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Subsidiaries (Cont'd.)

Name of subsidiary	Country of incorporation	Class of shares	Effective interest 2010 %	Effective interest 2009 %	Principal activities
Subsidiary held by EAE					
Celestial Entertainment Holdings Limited ("CEHL")	Hong Kong	Ordinary	**100**	100	Investment holding
Subsidiary held by CEHL					
Celestial Pictures Limited ("CPL")	Hong Kong	Ordinary	**100**	100	Film licensing and distribution
Subsidiaries held by CPL					
Celestial Movie Channel Limited ("CMCL")	Hong Kong	Ordinary	**100**	100	Distribution of movie channel
Celestial Filmed Entertainment Limited ("CFEL")	Hong Kong	Ordinary	**100**	100	Film licensing and distribution

37. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Subsidiaries (Cont'd.)

Name of subsidiary	Country of incorporation	Class of shares	Effective interest 2010 %	Effective interest 2009 %	Principal activities
Subsidiaries held by CPL (Cont'd.)					
Celestial Enterprises Limited ("CEL")	Hong Kong	Ordinary	**100**	100	Provision, licensing and distribution of television programme and channel
Celestial Productions Limited ("CPRL")	Hong Kong	Ordinary	**100**	100	Film licensing and distribution
Subsidiaries held by CMCL					
Tian Ying Pin Dao Limited	Hong Kong	Ordinary	**100**	100	Distribution of movie of web
Tian Ying Movie Channel Limited	Hong Kong	Ordinary	**100**	100	Distribution of movie channel
Celestial Television Networks Limited	United Kingdom	Ordinary	**100**	100	Distribution of movie channel
Subsidiaries held by CFEL					
Celestial Filmed Entertainment Inc	United States of America	Common stock	**100**	100	Film licensing and distribution

Notes to the Financial Statements

37. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Subsidiaries (Cont'd.)

Name of subsidiary	Country of incorporation	Class of shares	Effective interest 2010 %	Effective interest 2009 %	Principal activities
Subsidiaries held by CEL					
Beijing Celestial Channel Consulting Limited	The People's Republic of China	Ordinary	**100**	100	Provision of marketing and consulting services
Global Entertainment and Management Systems (BVI) Ltd ("GEMS")	BVI	Ordinary	**100**	100	Investment holding
Subsidiaries held by PANV					
Philippine Animation Studio, Inc	Philippines	Ordinary	**95.45**	95.45	Producing, processing and exporting animated motion pictures and related products and providing allied services
Pacific Digital Animation N.V. . ("PDA")	Netherlands Antilles	Ordinary	**100**	100	Studio management and holder of film properties rights
Pacific Digital Inc	Philippines	Ordinary	**100**	100	Producing, processing and exporting animation films and related products and providing allied services

37. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Subsidiaries (Cont'd.)

Name of subsidiary	Country of incorporation	Class of shares	Effective interest 2010 %	Effective interest 2009 %	Principal activities
Subsidiary held by AAIT					
Plus Interactive Asia Limited	Hong Kong	Ordinary	**75**	75	Aggregation and distribution of content over broadband, providing web portal outsourcing services and providing consultancy services
Subsidiary held by PDA					
Philippine Animators Group, Inc	Philippines	Ordinary	**100**	100	Producing, processing and distributing animation films and related products and providing allied services
Subsidiaries held by AAAE					
ASTRO Awani Network Ltd ("Awani")	Mauritius	Ordinary	**80**	80	Creation, production, acquisition, aggregation and syndication digital multimedia programming content in the form of television and radio programmes and channels for distribution across Asia Pacific markets

37. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Subsidiaries (Cont'd.)

Name of subsidiary	Country of incorporation	Class of shares	Effective interest 2010 %	Effective interest 2009 %	Principal activities
Subsidiaries held by AAAE (Cont'd.)					
ASTRO Ceria Network (BVI) Ltd	BVI	Ordinary	**100**	100	Content creation and aggregation of kids channel
ASTRO Aruna Network (BVI) Ltd	BVI	Ordinary	**50**	50	Content creation and aggregation of sinetron channel
ASTRO Kirana Network (BVI) Ltd	BVI	Ordinary	**100**	100	Content creation and aggregation of movie channel
ASTRO Xpresi Network (BVI) Ltd	BVI	Ordinary	**100**	100	Content creation and aggregation of music/lifestyle channel
Global Sports Entertainment S.à r.l. ("GSE")	Luxembourg	Ordinary	**100**	100	Investment holding
Goal TV Asia Limited ("Goal TV")	Mauritius	Ordinary	**50**	50	Channel licensing and distribution

37. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Subsidiaries (Cont'd.)

Name of subsidiary	Country of incorporation	Class of shares	Effective interest 2010 %	Effective interest 2009 %	Principal activities
Subsidiaries held by AAAE (Cont'd.)					
ASTRO Entertainment Sdn. Bhd. ("AESB")	Malaysia	Ordinary	**100**	100	Creation, aggregation and distribution of content
South Asia Creative Assets Ltd	Mauritius	Ordinary	**100**	100	Investment holding
Media Networks Limited	Hong Kong	Ordinary	**96.4**	100	Investment holding and the provision of consultancy and support services
All Asia Digital Media Limited	Hong Kong	Ordinary	**100**	100	Investment holding
All Asia Digital Networks Pte Ltd	Singapore	Ordinary	**100**	–	Investment holding

Notes to the Financial Statements

37. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Subsidiaries (Cont'd.)

Name of subsidiary	Country of incorporation	Class of shares	Effective interest 2010 %	Effective interest 2009 %	Principal activities
Subsidiaries held by AART					
East Asia Radio Technologies Limited	Hong Kong	Ordinary	**100**	100	Designing, producing and disseminating advertisements and acting as advertising sales agent
Nusantara Radio Holdings Limited	Hong Kong	Ordinary	**100**	100	Investment holding
South Asia Multimedia Technologies Ltd	Mauritius	Ordinary	**100**	100	Investment holding
All Asia Radio Technologies Media and Sales Sdn. Bhd.	Malaysia	Ordinary	**100**	100	Advertising sales, media training and media research

37. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Subsidiaries (Cont'd.)

Name of subsidiary	Country of incorporation	Class of shares	Effective interest 2010 %	Effective interest 2009 %	Principal activities
Subsidiaries held by AESB					
ASTRO Productions Sdn. Bhd. ("APRD")	Malaysia	Ordinary	**100**	100	Production and distribution of television drama programmes
Nusantara Seni Karya Sdn. Bhd. ("NSK")	Malaysia	Ordinary	**51**	51	Production and distribution of specialised products
ASTRO Arena Sdn Bhd (formerly known as Golden Oldies Sdn Bhd)	Malaysia	Ordinary	**100**	–	Creation and production of Malaysian sports programming and acquisition and packaging of related sports content

38. AMOUNT DUE FROM/TO SUBSIDIARIES

(a) Amounts due from subsidiaries

	Company 2010 RM'000	2009 RM'000
Amounts due from subsidiaries	**1,471,881**	1,469,569
Transfer to advances to subsidiaries	**(43,886)**	–
Impairment of amounts due from subsidiaries	**(331,462)**	(336,857)
Amounts due from subsidiaries – net	**1,096,533**	1,132,712

Amounts due from subsidiaries are unsecured and have no fixed term of repayment. The effective interest rate for amounts due from subsidiaries at the end of financial year ranges between 0.84% to 2.42% (FY2009: 3.48% to 5.99%) per annum.

The amounts due from subsidiaries were denominated in the following currencies:

	Company 2010 RM'000	2009 RM'000
RM	**1,090,994**	482,848
USD	**3,380**	602,965
Others	**2,159**	46,899
	1,096,533	1,132,712

(b) Amounts due to subsidiaries

	Company 2010 RM'000	2009 RM'000
Amounts due to subsidiaries	**7,433,609**	6,878,767

The amounts due to subsidiaries are unsecured and have no fixed term of repayment.

38. AMOUNT DUE FROM/TO SUBSIDIARIES (CONT'D.)

(b) Amounts due to subsidiaries (Cont'd.)

The amounts due to subsidiaries were denominated in the following currencies:

	Company 2010 RM'000	2009 RM'000
RM	**6,712,144**	6,512,812
USD	**721,465**	352,599
Others	**–**	13,356
	7,433,609	6,878,767

39. AMOUNTS RELATED TO COSTS OF CESSATION OF THE DTH BUSINESS PROPOSAL IN INDONESIA AND EXPENSES PREVIOUSLY INCURRED IN ITS DEVELOPMENT

Pursuant to the Subscription and Shareholders Agreement dated 11 March 2005 ("SSA") entered into between certain Astro affiliates ("Astro") and PT Ayunda Prima Mitra ("PT APM"), PT First Media Tbk ("PT FM") and PT Direct Vision ("PTDV") (collectively "Respondents"), any dispute arising out of or in relation to the Indonesian Venture shall be resolved by way of arbitration commenced by any party to the SSA through the Singapore International Arbitration Centre ("SIAC") whose award shall be final and binding upon the parties.

On 6 October 2008, Astro issued a notice of arbitration under the SIAC rules to PT APM, PT FM and PTDV claiming injunctive and declaratory relief, damages and the recovery of all monies due to Astro for the provision of services and/or amount expended or paid to PTDV, together with interest.

On 12 May 2009, Astro received an award on preliminary matters ("Award") from the arbitral tribunal which decided in Astro's favour and ordered that PT APM immediately discontinue its suit at the South Jakarta District Court ("PT APM Claim") against the Company, MEASAT Broadcast Network Systems Sdn Bhd ("MBNS"), All Asia Multimedia Networks FZ-LLC ("AAMN") and Ralph Marshall (the Company's Deputy Chairman/Group Chief Executive Officer). Astro has petitioned the Central Jakarta District Court for an order to execute the Award and proceedings in relation to the petition are ongoing.

39. AMOUNTS RELATED TO COSTS OF CESSATION OF THE DTH BUSINESS PROPOSAL IN INDONESIA AND EXPENSES PREVIOUSLY INCURRED IN ITS DEVELOPMENT (CONT'D.)

On 18 September 2009, Astro received a further award ("Further Award") from the arbitral tribunal declaring that the SSA was the only effective joint venture contract for PTDV and that it constituted the parties' entire agreement for a PTDV joint venture. The Further Award also declared that there is no continuing binding joint venture agreement and Astro or its affiliates are not bound to continue to provide cash advances or supply services to PTDV.

On 5 February 2010 the arbitral tribunal ordered the Respondents to pay Astro costs of a preliminary hearing, held from 20 to 24 April 2009, equivalent to RM2,223,595 with interest at the rate of 5.33% with effect from 6 October 2009.

On 18 February 2010 Astro received a final award in its favour which, pursuant to a Memorandum of Correction issued on 23 March 2010, required the Respondents to pay up to an equivalent of USD230 million in restitution. Of this amount, PT APM and PT FM are jointly and severally liable with PTDV for the sum of approximately USD95 million. The arbitral tribunal further ordered as a final injunction, that PT APM discontinue the PT APM Claim*, and not bring any proceedings in Indonesia or elsewhere against Astro in respect of the PTDV joint venture. PT APM and PT FM were further ordered to indemnify ASTRO Nusantara International B.V. and ASTRO Nusantara Holdings B.V. for the benefit of the Company, AAMN and MBNS against any losses suffered by reason of PT APM's continuance or by the pursuit of any proceedings in Indonesia or any replacement proceedings against Astro in so far they relate to the joint venture agreement.

Astro intends to seek the enforcement of the monetary awards in Indonesia and other appropriate states which are contracting parties to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

* *Please refer to Note 35(b)(iii) above.*

40. NON-CASH TRANSACTIONS

The principal non-cash transactions are as follows:

	Group	
	2010 RM'000	**2009 RM'000**
Advertising air time sales in exchange for consumable items and subsequent settlement of liabilities using these consumable items	**5,148**	4,843
Acquisition of property, plant and equipment by means of finance lease	**373,048**	11,702

Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE MALAYSIAN COMPANIES ACT, 1965

I, GRANT SCOTT FERGUSON, the officer primarily responsible for the financial management of ASTRO ALL ASIA NETWORKS plc, do solemnly and sincerely declare that the financial statements set out on pages 60 to 128 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

GRANT SCOTT FERGUSON

Subscribed and solemnly declared by the abovenamed, Grant Scott Ferguson at Kuala Lumpur in Malaysia on 14 May 2010, before me.

Ahmad B. Laya
No: W259
COMMISSIONER FOR OATH

Corporate Information

BOARD OF DIRECTORS

Dato' Haji Badri Bin Haji Masri
Chairman and Non-Executive Director

Augustus Ralph Marshall
Deputy Chairman/Group Chief Executive Officer

Dato' Mohamed Khadar Bin Merican
Non-Executive/Independent Director

Bernard Anthony Cragg
Non-Executive/Independent Director

Chin Kwai Yoong
Non-Executive/Independent Director

COMPANY SECRETARY

Sharon Liew Wei Yee (LS7908)

REGISTERED OFFICE IN MALAYSIA

3rd Floor, Administration Building
All Asia Broadcast Centre
Technology Park Malaysia
Lebuhraya Puchong-Sungai Besi
Bukit Jalil, 57000 Kuala Lumpur
Malaysia
Telephone No. : 603 9543 6688
Fax No. : 603 9543 3007
Website : www.astroplc.com
Email : info@astroplc.com

REGISTERED OFFICE IN U.K.

Pellipar House
1st Floor, 9 Cloak Lane
London EC4R 2RU
United Kingdom
Telephone No. : 44 (0) 20 7367 8930
Fax No. : 44 (0) 20 7367 8959

AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH
United Kingdom

PricewaterhouseCoopers
Level 10, 1 Sentral, Jalan Travers
Kuala Lumpur Sentral
P. O. Box 10192
50706 Kuala Lumpur

(Incorporated in England and Wales – Company No. 4841085)
(Registered as a foreign company in Malaysia – Company No. 994178-M)

Notice of Annual General Meeting

IMPORTANT NOTICE

Please read the Notes Accompanying the Notice of Seventh Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of ASTRO ALL ASIA NETWORKS plc ("ASTRO" or the "Company") will be held on Friday, 30 July 2010 at 3.00 pm at Ground Floor, All Asia Broadcast Centre, Technology Park Malaysia, Lebuhraya Puchong-Sungai Besi, Bukit Jalil, 57000 Kuala Lumpur, Malaysia for the following purposes:

AGENDA

As Ordinary Business

(1) To receive and consider the Annual Report and the Audited Financial Statements of the Company and of the Group for the financial year ended 31 January 2010 and the Reports of the Directors and Auditors thereon. **Resolution 1**

(2) To re-appoint Dato' Haji Badri Bin Haji Masri, a Director who retires by rotation in accordance with Articles 83 and 84 of the Company's Articles of Association. **Resolution 2**

(3) To re-appoint Augustus Ralph Marshall, a Director who retires by rotation in accordance with Articles 83 and 84 of the Company's Articles of Association. **Resolution 3**

(4) To re-appoint PricewaterhouseCoopers LLP as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **Resolution 4**

(5) To transact any other business of which due notice shall have been given in accordance with United Kingdom Companies Act 2006.

BY ORDER OF THE BOARD

Sharon Liew Wei Yee (LS7908)
Company Secretary

8 July 2010

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

NOTES:

1. **Attendance at Seventh Annual General Meeting ("AGM")**

Reference is made to the Conditional Take-over Offer by Astro Holdings Sdn Bhd ("AHSB" or "Offeror") through CIMB Investment Bank Berhad to acquire all the voting shares in the Company ("Offer Shares") at a cash offer price of RM4.30 for each Offer Share ("Offer"). As announced by the Company, the Offer became unconditional on 20 May 2010 and subsequently on 21 May 2010, (a) by virtue of the Offeror having received valid and complete acceptances of not less than nine-tenths in the nominal value of the Offer Shares; and (b) by virtue of acceptances of the Offer, the Offeror having acquired or unconditionally contracted to acquire: (i) not less than 90% of the Offer Shares; and (ii) not less than 90% of the voting rights attaching to the Offer Shares, as at 5.00 p.m.(Malaysian time), 21 May 2010, the Offeror will, no later than 2 months from 21 May 2010, proceed to exercise its rights to compulsorily acquire any remaining Offer Shares held by shareholders of the Company who have not accepted the Offer ("Dissenting Shareholders") on the terms of the Offer, in accordance with the provisions of the United Kingdom Companies Act 2006 ("English Act") and the terms as set out in Section 6 of the offer document dated 30 April 2010 issued by the Offeror ("Compulsory Acquisition"). The provisions of the English Act governing the procedures for compulsory acquisition are applicable, since ASTRO is a company incorporated in the United Kingdom. The Offeror is bound, under the English Act, to acquire all of the remaining Offer Shares at the end of 6 weeks from the date of service of the Compulsory Acquisition Notice ("CA Notice"). The Company has been notified that the Offeror has exercised that right by giving notice to the Dissenting Shareholders on 16 June 2010, for the Compulsory Acquisition. As the CA Notice was sent to the Dissenting Shareholders by the Offeror on 16 June 2010, the date falling 6 weeks after the despatch of the CA Notice will be 28 July 2010 and barring unforeseen circumstances, the Offeror will on 28 July 2010 acquire the remaining shares in the Company and become the sole holder of the entire issued and paid up share capital in the Company.

(Incorporated in England and Wales – Company No. 4841085)
(Registered as a foreign company in Malaysia – Company No. 994178-M)

Notice of Annual General Meeting

IMPORTANT NOTICE

Please read the Notes Accompanying the Notice of Seventh Annual General Meeting

The Company has issued this Notice of AGM and the Annual Report in compliance with Section 307 of the English Act which requires a general meeting of a public company incorporated in the United Kingdom to be called by notice of at least 21 days prior to the date of convening the general meeting. **In view of the Offeror exercising its Compulsory Acquistion rights, the Company may, by the date of the AGM, be wholly-owned by the Offeror. The Company therefore wishes to inform that only member(s) whose name appears on the Record of Depositors issued by Bursa Malaysia Depository Sdn Bhd as at 29 July 2010 shall be entitled to attend the AGM and receipt of this Notice of AGM and 2010 Annual Report does not necessarily confer the right to attend the AGM.**

2. Proxy

(a) A member of the Company entitled to attend and vote may appoint more than one (1) proxy of his/her own choice to attend, speak and vote at a general meeting of the Company instead of him/her provided that each proxy is appointed to exercise the rights attached to different shares. A member may appoint more than one (1) proxy in respect of each securities account it holds and which is credited with ordinary shares of the Company. A proxy need not be a member of the Company.

(b) If a member who has appointed more than one proxy fails to specify the number of shares in respect of which each such proxy is entitled to exercise the related votes ("Proxy Share Number") for any of them, then each proxy shall be deemed to exercise the votes in respect of 100% of the member's shares divided by the number of proxies, and if the member specifies the Proxy Share Number for one proxy only, then the other proxies shall be deemed to represent the remainder of the member's shares on an equal basis (or, in the case of an authorised nominee, the number of shares held in the relevant securities account).

(c) An instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or by an officer, attorney or other person authorised in that respect.

(d) If the proxy form is returned without an indication as to how the proxy must vote on a particular matter, the proxy will exercise his discretion as to whether, and if so how, he votes.

(e) To be valid, the original Form of Proxy, duly completed, must be deposited with the Company's share registrar, Symphony Share Registrars Sdn Bhd at Level 6 Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor together with the power of attorney or other authority (if any) under which it is signed or a copy of such authority certified notarially, not less than forty-eight (48) hours (excluding any part of a day that is not a working day) before the time appointed for the meeting or adjourned meeting or in the case of a poll taken subsequent to the date of the meeting or adjourned meeting not less than twenty-four (24) hours (excluding any part of a day that is not a working day) before the time appointed for the taking of the poll.

(f) The lodging of a completed Form of Proxy will not preclude a member from attending and voting in person at the meeting should the member subsequently wish to do so.

3. Corporate Representative

During a poll, (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then those corporate representatives will give voting directions to the Chairman and the Chairman will vote as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will then vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on "Proxies and Corporate Representatives" (www.icsa.org.uk) for further details of this procedure. A copy of the guidance note may also be obtained from the Company Secretary. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

4. Annual Report and Audited Financial Statements (Resolution 1)

For each financial year, the Directors must present the Directors' Report, Audited Financial Statements and Independent Auditors' Report to the Company's shareholders at a general meeting. Although there is no requirement under the English Act to table a resolution on these for shareholders' approval, the Directors are of the view that a resolution on these should be submitted for shareholders to vote on, in the interest of good governance and in line with international best practice.

5. Retirement and Re-appointment of Directors (Resolutions 2 and 3)

In accordance with Articles 83 and 84 of the Company's Articles of Association ("Articles"), at least one-third of the Directors who are subject to retirement by rotation shall retire from office. Dato' Haji Badri Bin Haji Masri ("DB") and Augustus Ralph Marshall ("ARM"), being the Directors who have been longest in office since their last appointment, shall retire pursuant to Articles 83 and 84 of the Articles and being eligible, offer themselves for re-appointment pursuant to Article 85 of the Articles. Based on the annual evaluation of directors' performance, the Board of Directors ("Board") believes that DB and ARM continue to be effective and demonstrate commitment to their roles. The Board is therefore pleased to recommend the re-appointment of DB and ARM as Directors of the Company.

6. Re-appointment of Auditors (Resolution 4)

At every general meeting at which financial statements are presented to the Company's shareholders, the Company is required to appoint independent auditors to serve until the next general meeting. The existing Auditors, PricewaterhouseCoopers LLP, have indicated that they are willing to continue as the Company's Auditors for the ensuing year.

ASTRO ALL ASIA NETWORKS plc

(Incorporated in England and Wales – Company No. 4841085)
(Registered as a foreign company in Malaysia – Company No. 994178-M)

Form of Proxy

I/We, ______________________________ NRIC/Passport/Company No. ______________
(FULL NAME OF MEMBER APPOINTING PROXY IN BLOCK LETTERS)

of ______________________________
(FULL ADDRESS IN BLOCK LETTERS)

hereby appoint ______________________________ NRIC/Passport No. ______________
(FULL NAME OF PROXY IN BLOCK LETTERS) ("Proxy 1")

of ______________________________
(FULL ADDRESS IN BLOCK LETTERS)

and/or ______________________________ NRIC/Passport No. ______________
(FULL NAME OF PROXY IN BLOCK LETTERS) ("Proxy 2")

of ______________________________
(FULL ADDRESS IN BLOCK LETTERS)

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us on my/our behalf at the Seventh Annual General Meeting of the Company to be held on Friday, 30 July 2010 at 3.00 pm at Ground Floor, All Asia Broadcast Centre, Technology Park Malaysia, Lebuhraya Puchong-Sungai Besi, Bukit Jalil, 57000 Kuala Lumpur, Malaysia and at any adjournment thereof.

Subject to any voting instructions given below, the proxy will exercise his/her discretion as to how he/she votes and whether or not he/she abstains from voting on any resolution, by whomsoever proposed (including, without limitation, any resolution to amend a resolution or to adjourn the meeting).

Please indicate how you wish to cast your votes by inserting a "✓" in the space provided.

	Resolution	**For**	**Against**	**Vote Withheld** *(refer to Note 2(e))*
1.	To receive and consider the Annual Report and the Audited Financial Statements of the Company and of the Group for the financial year ended 31 January 2010 and the Reports of the Directors and Auditors thereon.			
2.	To re-appoint Dato' Haji Badri Bin Haji Masri, a Director who retires by rotation in accordance with Articles 83 and 84 of the Company's Articles of Association.			
3.	To re-appoint Augustus Ralph Marshall, a Director who retires by rotation in accordance with Articles 83 and 84 of the Company's Articles of Association.			
4.	To re-appoint PricewaterhouseCoopers LLP as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration.			

Dated this ______________ day of ______________ 2010.

____

Signature of Member(s)

(If the appointor is an attorney or a corporation please see Note 3 on the following page)

The proportions of my/our holding to be represented by my/our proxies are as follows:-

	No. of Shares	Percentage
Total shares held		100%
Proxy 1		
Proxy 2		

Please use separate proxy form for appointment of more than two proxies.

Notes:

(1) Reference is made to the Conditional Take-over Offer by Astro Holdings Sdn Bhd ("AHSB" or "Offeror") through CIMB Investment Bank Berhad to acquire all the voting shares in the Company ("Offer Shares") at a cash offer price of RM4.30 for each Offer Share ("Offer"). As announced by the Company, the Offer became unconditional on 20 May 2010 and subsequently on 21 May 2010, (a) by virtue of the Offeror having received valid and complete acceptances of not less than nine-tenths in the nominal value of the Offer Shares; and (b) by virtue of acceptances of the Offer, the Offeror having acquired or unconditionally contracted to acquire: (i) not less than 90% of the Offer Shares; and (ii) not less than 90% of the voting rights attaching to the Offer Shares, as at 5.00 p.m.(Malaysian time), 21 May 2010, the Offeror will, no later than 2 months from 21 May 2010, proceed to exercise its rights to compulsorily acquire any remaining Offer Shares, held by shareholders of the Company who have not accepted the Offer ("Dissenting Shareholders") on the terms of the Offer, in accordance with the provisions of the United Kingdom Companies Act 2006 ("English Act") and the terms as set out in Section 6 of the offer document dated 30 April 2010 issued by the Offeror ("Compulsory Acquisition"). The provisions of the English Act governing the procedures for compulsory acquisition are applicable, since ASTRO is a company incorporated in the United Kingdom. The Offeror is bound, under the English Act to acquire all of the remaining Offer Shares at the end of 6 weeks from the date of service of the Compulsory Acquisition Notice ("CA Notice"). The Company has been notified that the Offeror has exercised that right by giving notice to the Dissenting Shareholders on 16 June 2010, for the Compulsory Acquisition. As the CA Notice was sent to the Dissenting Shareholders by the Offeror on 16 June 2010, the date falling 6 weeks after the despatch of the CA Notice will be 28 July 2010 and barring unforeseen circumstances, the Offeror will on 28 July 2010 acquire the remaining shares in the Company and become the sole holder of the entire issued and paid up share capital in the Company.

The Company has issued this Notice of AGM and the Annual Report in compliance with Section 307 of the English Act which requires a general meeting of a public company incorporated in the United Kingdom to be called by notice of at least 21 days prior to the date of convening the general meeting. **In view of the Offeror exercising its Compulsory Acquistion rights, the Company may, by the date of the AGM, be wholly-owned by the Offeror. The Company therefore wishes to inform that only member(s) whose name appears on the Record of Depositors issued by Bursa Malaysia Depository Sdn Bhd as at 29 July 2010 shall be entitled to attend the AGM and receipt of this Notice of AGM and 2010 Annual Report does not necessarily confer the right to attend the AGM.**

Subject to note (1) above:-

(2) Proxy

(a) A member of the Company entitled to attend and vote may appoint more than one (1) proxy of his/her own choice to attend, speak and vote at a general meeting of the Company instead of him/her provided that each proxy is appointed to exercise the rights attached to different shares. A member may appoint more than one (1) proxy in respect of each securities account it holds and which is credited with ordinary shares of the Company. A proxy need not be a member of the Company.

(b) If a member who has appointed more than one proxy fails to specify the number of shares in respect of which each such proxy is entitled to exercise the related votes ("Proxy Share Number") for any of them, then each proxy shall be deemed to exercise the votes in respect of 100% of the member's shares divided by the number of proxies, and if the member specifies the Proxy Share Number for one proxy only, then the other proxies shall be deemed to represent the remainder of the member's shares on an equal basis (or, in the case of an authorised nominee, the number of shares held in the relevant securities account).

(c) An instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or by an officer, attorney or other person authorised in that respect.

(d) If the proxy form is returned without an indication as to how the proxy must vote on a particular matter, the proxy will exercise his discretion as to whether, and if so how, he votes.

(e) The "Vote Withheld" option is provided to enable you to abstain on any particular resolution. However, it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.

(f) To be valid, the original Form of Proxy, duly completed, must be deposited with the Company's share registrar, Symphony Share Registrars Sdn Bhd at Level 6 Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia, together with the power of attorney or other authority (if any) under which it is signed or a copy of such authority certified notarially, not less than forty-eight (48) hours (excluding any part of a day that is not a working day) before the time appointed for the meeting or adjourned meeting or in the case of a poll taken subsequent to the date of the meeting or adjourned meeting not less than twenty-four (24) hours (excluding any part of a day that is not a working day) before the time appointed for the taking of the poll.

(g) The lodging of a completed Form of Proxy will not preclude a member from attending and voting in person at the meeting should the member subsequently wish to do so.

(3) Corporate Representative

During a poll, (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then those corporate representatives will give voting directions to the Chairman and the Chairman will vote as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will then vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on "Proxies and Corporate Representatives" (www.icsa.org.uk) for further details of this procedure. A copy of the guidance note may also be obtained from the Company Secretary. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

Fold here

STAMP

Symphony Share Registrars Sdn Bhd
Level 6 Symphony House, Pusat Dagangan Dana 1,
Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor
Malaysia

Fold here

Regional Offices

MALAYSIA

ASTRO ALL ASIA NETWORKS plc
All Asia Broadcast Centre
Technology Park Malaysia
Lebuhraya Puchong-Sungai Besi
Bukit Jalil
57000 Kuala Lumpur
Malaysia
Telephone No. : +603 9543 6688
Fax No. : +603 9543 3007
Website : www.astroplc.com
E-mail : info@astroplc.com

CHINA

Celestial Pictures Limited
8/F Exchange Tower
33 Wang Chiu Road
Kowloon Bay
Hong Kong SAR
Telephone No. : +852 2626 8000
Fax No. : +852 2626 8111

Beijing Celestial Channel Consulting Limited
6/F, Unit 2, Tayuan Diplomatic Office Building
14 Liangmahe Nan Lu, Chaoyang District
100600 Beijing
China
Telephone No. : +8610 8532 2340
Fax No. : +8610 8532 2348

INDIA

AOL India
104/5 Parmanand Estate
Maharani Bagh
110065 New Delhi
India
Telephone No. : +91 (11) 4162 6531
Fax No. : +91 (11) 4132 8344

www.astroplc.com

ASTRO ALL ASIA NETWORKS plc (994178-M)

All Asia Broadcast Centre, Technology Park Malaysia,
Lebuhraya Puchong-Sungai Besi, Bukit Jalil, 57000 Kuala Lumpur, Malaysia
Tel : +603 9543 6688   Fax : +603 9543 3007   E-mail : info@astroplc.com