



ASTRO ALL ASIA NETWORKS plc

Sixth Annual General Meeting

Q&A Slides (MSWG)

20 July 2009

Financial Performance

Facts:

In respect of the overall financial performance for the past 2 years which was due to the Group's Indonesian venture, the following question was posed.

Question 1a:

“As reported, a total of RM1.16 billion was incurred on the Indonesia investment up until the financial year 2009. A provision of RM687.42 million was made in 2009 while RM227.4 million for 2008. How would the Board dealt with the remaining balance for the current year?”

Response:

No further cost is anticipated in the current year other than legal costs.

Period	Item	RM (million)
FY07	Share of associate losses	157.4
FY08	Share of associate losses	83.6
	Cost of cessation of the Indonesia DTH business proposal and expenses previously incurred in its development	227.4
FY09	Cost of cessation of the Indonesia DTH business proposal and expenses previously incurred in its development	687.4
FY07- FY09	Total costs incurred for the Indonesia DTH proposal	1,155.8

Financial Performance

Question 1b:

“After cessation [of the Indonesian Venture] does the Company need to service further any interest charges if it had financed the investment through borrowings?”

Response:

The amounts expended were on advances and services which were to be repaid by PT Direct Vision in the course of the venture. The costs of providing these services was paid for by internal cash flows. Therefore, the Company has no debt associated with the previously proposed venture.

Financial Performance

Facts:

It is understood that the Group is pursuing all legal means to resolve the situation arising [in Indonesia] and as result of the termination of services and support to the proposed Indonesia venture.

Question 2a:

“Could the Board brief further the status and progress of the legal suits respectively?”

Response:

Arbitration in Singapore - Award in favour of the Company on jurisdiction and certain other matters have been obtained. Lippo has been ordered by the arbitral tribunal to immediately cease their civil suit in Jakarta and appropriate steps are being taken to enforce the award.

Civil Suit in Jakarta - Lippo Group has ignored the award of the arbitral tribunal and is continuing to pursue the civil suit in Indonesia. Given the award by the arbitral tribunal, the Company continues to only challenge the jurisdiction of the Indonesian courts and is not contesting the suit on its merits.

Financial Performance

Question 2b:

“What are the expected legal costs in relation to the various legal suits [in respect of the Indonesian venture]?”

Response:

Legal fees in relation to the various cases arising out of the termination of services in Indonesia amount to approximately RM4million to RM6million per quarter. This is likely to continue until the cases are substantially resolved.

Financial Performance

Question 2c:

“In the context of Note 35 on contingent liabilities, pages 108-109 of the Annual Report, it is noted that no provision has been recognized in the financial statements. In what ways would the Board be in a position to address the contingent liabilities which may or may not occur out of all the possible legal claims and counter claims given the complexity of the nature of the issues and the various parties involved?”

Response:

The amounts involved have been disclosed in notices to Bursa Malaysia as the various claims have been filed. Legal advice to the Board continues to be that the claims are unfounded, unsubstantiated and without legal basis. On this basis the Board continues to believe that no provision is necessary for the contingent liabilities that arise out of the fact that the claims have been made.

Corporate Governance



Facts:

The aggregate fees for professional services rendered by PricewaterhouseCoopers LLP (PwC) and other member firms amounted to RM7.55 million (2008: RM9.57million). The amounts consist of statutory audit of the Group and Company financial statements totaling RM646,000 (2008: RM606,000) and other services totaling RM6.90 million (2008: RM8.96 million) respectively.

Question 3a:

It is noted that the Audit Committee had received and reviewed written confirmation from the external auditors that they would continue to be independent and objective within the meaning of applicable Malaysian and United Kingdom regulatory and professional requirements. How does the Board see the rationale of engaging the same auditors for the statutory audit and non-audit services of the Group and the Company given the higher quantum non-audit fees paid?

Response:

The Board has satisfied themselves that the Company has appropriate policies and procedures for the award of non-audit work to the Group's independent auditor and that the nature of the services provided and fees paid are not likely to compromise the auditors independency.

Corporate Governance



Summary of the auditors' remuneration is as follows:

	<u>FY2009</u> <u>RM'000</u>	<u>FY2008</u> <u>RM'000</u>
Statutory Audit Fees	2,078	2,034
Quarterly Reviews	1,156	973
Tax Services	727	412
	<hr/>	<hr/>
	3,961	3,419
CRM Related Services	979	3,850
HR, KPI and Governance	1,714	1,101
Others ⁽¹⁾	891	1,200
	<hr/>	<hr/>
	7,545	9,570
	<hr/>	<hr/>

⁽¹⁾ IT, procurement review, audit of contests and training.

Corporate Governance

Question 3b:

Our suggestion is that the Board should engage different auditors to maintain independence of the Group's statutory audit.

Response:

The suggestion has been noted. The Audit Committee has, and will continue to assess the performance (including the independence) of the external auditor on a regular basis.

Corporate Governance

Question 4:

Currently the Board comprises four Non-Executive Directors including the Chairman, and one Executive Director. Three of the four Non-Executive Directors are independent. Given the complexity of the Group's businesses, would the Board be considering a larger board for effectiveness?

Response:

The Board performs regular reviews of its effectiveness and that of its various committees. The current Board comprises a mix of local and international perspectives, financial acumen, extensive media industry experience and independence. The Board will continue to review its composition and propose changes as business needs warrant.

General Meeting

Facts:

At the upcoming General Meeting, the Company is seeking shareholders' approval on the proposed utilization of transponder capacity on the MEASAT-3a (M3a) Satellite by MEASAT Broadcast Network Systems Sdn Bhd (MBNS), a wholly-owned subsidiary of the Company, for a fee of USD189.60 million (approximately RM682.56 million) to be satisfied in cash. MBNS shall pay the fee quarterly in advance over the period of 15 years. MEASAT Satellite Systems Sdn Bhd (MSS) will grant to MBNS a one-time contribution of USD4.74 million (approximately RM17.06 million) in relation to the upgrade of MBNS's earth stations and associated equipment costs in order to access the M3a satellite.

Question 5:

What is the expected capital expenditure of the Group on top of the one-time contribution granted by MSS for the short to medium term?

Response:

FY2010 Capital Expenditure Plan is estimated at RM480 million, which includes:*

- *Capital expenditure for next generation services (including High Definition)*
- *Customer Relationship Management System upgrade*
- *Broadcast and IT infrastructures*
- *Other Group projects*

** Subject to Board's approval*

General Meeting

Question 6:

On page 42 of the Circular to Shareholders, a proposal on renewal of mandate for recurrent related parties transactions, UTSB Management Sdn Bhd (UTSBM), a person connected to the major shareholders, provided consultancy and support services to AAAN Group for an estimate value of RM17.2 million (2008: RM10.2 million). What is the nature of the consultancy and support services as well as the elements of work involved given the substantial increase in the estimated value?

Response:

The actual increase is only estimated at RM0.7 million as set out below:

	<u>2009 Mandate</u> <u>RM'million</u>	<u>2008 Mandate</u> <u>RM'million</u>
UTSB Corporate Management Services	10.2	10.2
UTSB Project Management Services	7.0	6.3
	<hr/> 17.2	<hr/> 16.5

The corporate management services are in respect of:-

- *Advise on the formulation of corporate strategies*
- *Advise on investment opportunities both locally and abroad and assistance in liaising with relevant persons and agencies concerned.*
- *Assist in establishing business contacts with business partners on both national and international levels;*
- *Advise on the optimisation of management resources.*