

THIRD QUARTERLY REPORT 2003



ACROSS ASIA

ACROSS ASIA MULTIMEDIA LIMITED

(Incorporated in the Cayman Islands with limited liability)

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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This report, for which the Directors of AcrossAsia Multimedia Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Third Quarterly Report**For the nine months ended 30th September 2003****HIGHLIGHTS**

- AAM Group recorded turnover of HK\$514.5 million, 10.3% higher than that for the same period in 2002, as a result of higher turnover reported by Broadband Services, Cellular Services and IT Solutions.
- Gross profit rose to HK\$94.6 million from HK\$88.9 million for the same period in 2002.
- AAM Group achieved a positive EBITDA (excluding other income and expenses) for seven consecutive quarters; EBITDA increased 2.2 times to HK\$44.6 million from HK\$13.8 million for the corresponding period in 2002.
- AAM Group recorded a net loss of HK\$50.1 million compared to HK\$39.9 million for the same period in 2002 mainly due to decrease in share of results of associates and increase in operating expenses.
- Broadband Services' revenue rose by 16.2% to HK\$170.9 million from HK\$147.1 million for the corresponding period in 2002.
- Cellular Services' revenue from the GSM1800 cellular operation increased to HK\$20.9 million, 38.4% higher than HK\$15.1 million for the same period in 2002.
- IT Solutions booked revenue of HK\$322.6 million, 5.9% higher compared to HK\$304.5 million for the corresponding period in 2002.
- Matahari, the core of Retail, slightly increased its revenue to HK\$3.0 billion from HK\$2.96 billion for the same period in 2002.

THIRD QUARTERLY RESULTS (UNAUDITED)

The Directors of AcrossAsia Multimedia Limited (the “Company”) announce the unaudited consolidated results of the Company and its subsidiaries (collectively “AAM Group”) for the nine months ended 30th September 2003 (the “Nine-month Period”) and three months ended 30th September 2003 together with comparative figures for the corresponding periods ended 30th September 2002, as follows:

	Notes	Nine months ended 30th September		Three months ended 30th September	
		2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Turnover	2	514,514	466,604	193,379	149,501
Cost of sales and services rendered		(419,903)	(377,650)	(162,406)	(119,854)
Gross profit		94,611	88,954	30,973	29,647
Other operating income and gains		43,919	62,103	4,382	11,863
Selling and distribution costs		(35,429)	(27,303)	(12,419)	(9,129)
General and administrative expenses		(137,841)	(119,368)	(48,677)	(41,507)
Profit/(Loss) from operations		(34,740)	4,386	(25,741)	(9,126)
Finance costs		(66,403)	(53,293)	(23,565)	(23,030)
Share of results of associates		26,698	37,138	19,410	2,362
Amortisation of goodwill on acquisition of associates		(11,895)	(9,610)	(4,015)	(3,316)
		14,803	27,528	15,395	(954)
Net loss from discontinued operation		-	(6,158)	-	(598)
Loss before income tax		(86,340)	(21,379)	(33,911)	(33,110)
Continuing operations		-	(6,158)	-	(598)
Discontinued operation		(86,340)	(27,537)	(33,911)	(33,708)
Income tax expense	3	15,801	(7,304)	17,813	1,918
Loss before minority interests		(70,539)	(34,841)	(16,098)	(31,790)
Minority interests		20,413	(5,009)	5,436	10,268
Net loss from ordinary activities attributable to shareholders		(50,126)	(39,850)	(10,662)	(21,522)
Loss per share – Basic (HK cents)	4	(0.99)	(0.79)	(0.21)	(0.42)

(a)(ii) An analysis of AAM Group's revenue and results for the corresponding period in 2002 by business segment is as follows:

	Broadband Services HK\$'000	Cellular Services HK\$'000	IT Solutions HK\$'000	Retail HK\$'000	Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Segment revenue:							
Sales to external customers	147,062	15,064	304,478	-	-	-	466,604
Intersegment sales	9,824	-	9,715	-	-	(19,539)	-
Total	156,886	15,064	314,193	-	-	(19,539)	466,604
Segment results	11,414	(11,266)	12,433	-	(17,493)	(304)	(5,216)
Interest income							9,602
Profit from operating activities							4,386
Finance costs							(53,293)
Share of results of associates (Less: amortisation of goodwill on acquisition of associates)	-	-	-	29,813	(2,285)	-	27,528
Loss from discontinued operations							(6,158)
Loss before income tax							(27,537)
Income tax expense							(7,304)
Loss before minority interests							(34,841)
Minority interests							(5,009)
Net loss from ordinary activities attributable to shareholders							(39,850)

(b) Geographical segments

Over 90% of AAM Group's revenue, results, assets and capital expenditure are attributable to its operations in Indonesia. Accordingly, analysis by geographical segment is not presented.

3. Income tax expense

No Hong Kong profits tax has been provided, as AAM Group had no assessable profits arising in Hong Kong during the Nine-month Period (2002: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which AAM Group operates, based on existing legislation, interpretations and practices in respect thereof.

AAM Group's subsidiaries and associates incorporated and operating in Indonesia are subject to Indonesian income tax at a maximum rate of 30% (2002: 30%) of the individual entities' respective assessable profits in accordance with Indonesian income tax law.

	Nine months ended		Three months ended	
	30th September		30th September	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
AAM Group				
Current income				
tax/(over-provision)*	–	(53)	–	64
Deferred income				
tax/(tax benefits)*	(17,362)	(2,031)	(20,850)	(4,766)
	(17,362)	(2,084)	(20,850)	(4,702)
Share of tax attributable				
to associates				
Current income				
tax/(over-provision)*	7,182	6,038	2,012	2,060
Deferred income				
tax/(tax benefits)*	(5,621)	3,350	1,025	724
	1,561	9,388	3,037	2,784
	(15,801)	7,304	(17,813)	(1,918)

* Imposed outside Hong Kong

4. Loss per share

The calculations of basic loss per share for the Nine-month Period and the three months ended 30th September 2003 are based on the unaudited net loss from ordinary activities attributable to shareholders of HK\$50,126,000 (2002: HK\$39,850,000) and HK\$10,662,000 (2002: HK\$21,522,000) respectively, and the weighted average of 5,064,615,385 shares (2002: 5,064,615,385 shares) in issue.

Diluted loss per share for the Nine-month Period and the three months ended 30th September 2003 and the corresponding periods in 2002 have not been disclosed, as the potential shares outstanding during those periods had an anti-dilutive effect on the basic loss per share for those periods.

5. Reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Equity transactions of associates HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st January 2002	32,877	1,464,802	782	(723,704)	(694,577)	80,180
Net gain on available- for-sale financial assets of associates	-	-	1,925	-	-	1,925
Currency translation differences	-	-	-	73,020	-	73,020
Net loss attributable to shareholders	-	-	-	-	(75,239)	(75,239)
At 31st December 2002 and 1st January 2003	32,877	1,464,802	2,707	(650,684)	(769,816)	79,886
Change in equity transactions of associates	-	-	250	-	-	250
Currency translation differences	-	-	-	44,614	-	44,614
Net gain not recognised in the income statement	-	-	250	44,614	-	44,864
Net loss attributable to shareholders	-	-	-	-	(50,126)	(50,126)
At 30th September 2003	32,877	1,464,802	2,957	(606,070)	(819,942)	74,624

6. Comparative amounts

Certain comparative amounts have been reclassified to conform with the Nine-month Period's presentation.

FINANCIAL REVIEW

Turnover

Turnover of the three core Business Groups, Broadband Services, Cellular Services and IT Solutions, increased by 10.3% to HK\$514.5 million for the Nine-month Period from HK\$466.6 million for the same period in 2002.

For the Nine-month Period, the revenue of Broadband Services rose by 16.2% to HK\$170.9 million from HK\$147.1 million for the corresponding period in 2002 as a result of increased recurring revenue from customers. Cellular Services' GSM1800 cellular operation posted revenue of HK\$20.9 million, 38.4% higher than HK\$15.1 million for the same period in 2002. Revenue from IT Solutions, which is mainly project based, increased by 5.9% to HK\$322.6 million compared to HK\$304.5 million for the corresponding period in 2002.

Gross Profit

Gross profit was HK\$94.6 million for the Nine-month Period, a 6.41% increase compared to HK\$88.9 million for the corresponding period in 2002.

Gross profit margin slightly decreased to 18.4% for the Nine-month Period compared to 19.1% for the same period in 2002.

Profit/(Loss) from Operations

AAM Group recorded higher operating expenses (excluding other operating income and gains) of HK\$173.3 million for the Nine-month Period compared to HK\$146.7 million for the same period in 2002 mainly due to increased retrenchment costs, write-off of certain obsolete assets and bad debts, and increase in advertising and promotion expenses.

Other income of HK\$43.9 million for the Nine-month Period compared to HK\$62.1 million for the corresponding period in 2002, was mainly contributed by foreign exchange gain attributable to the appreciation of Indonesian Rupiah during the period.

AAM Group recorded a loss from operations of HK\$34.7 million for the Nine-month Period compared to a profit of HK\$4.4 million for the same period in 2002.

AAM Group achieved a positive EBITDA (excluding other income and expenses) for seven consecutive quarters. EBITDA for the Nine-month Period increased 2.2 times to HK\$44.6 million from HK\$13.8 million for the comparison period in 2002.

Share of Results of Associates

AAM Group's share of results of associates decreased to HK\$14.8 million for the Nine-month Period from HK\$27.5 million for the corresponding period in 2002 mainly due to lower profit of PT Matahari Putra Prima Tbk ("Matahari") (the core of Retail) caused by continuous weak retail environment in Indonesia. The consumers' purchasing power has been affected by the escalation in the prices of basic commodities. Nevertheless, Matahari managed to achieve a slight increase in its revenue to HK\$3.0 billion compared to HK\$2.96 billion for the same period in 2002, coupled with a higher gross profit margin.

Net Loss from Ordinary Activities attributable to Shareholders

Net loss from ordinary activities attributable to shareholders for the Nine-month Period was HK\$50.1 million compared to HK\$39.9 million for the same period in 2002.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Nine-month Period (2002 – Nil).

BUSINESS REVIEW

AAM Group's four Business Groups, namely Broadband Services, Cellular Services, IT Solutions and Retail, continued their efforts to strengthen their operations for the Nine-month Period.

Broadband Services

Broadband Services offers corporate and residential consumers broadband services including cable TV, broadband Internet access and other network services. The HFC cable network has expanded to 2,564 km, passing more than 218,388 homes and covering major residential and central business districts in five cities/locales including Jakarta, Surabaya and Bali.

PT Broadband Multimedia Tbk, a subsidiary of the Company listed on the Surabaya Stock Exchange, continued to be the dominant cable TV operator in Indonesia offering 58 channels of programming under the brand name “Kabelvision”. The number of cable TV subscribers rose to approximately 97,600 at the end of the Nine-month Period, 33.3% over that as at 30th September 2002. The total number of corporate and individual broadband Internet subscribers augmented by 32.1% to approximately 11,720 at the end of the Nine-month Period compared to that as at 30th September 2002.

Cellular Services

Cellular Services provides GSM1800 cellular services in East Java through PT Natrindo Telepon Seluler (“Natrindo”). Natrindo’s network is capable of delivering both voice and data communication services. Following the approval by the Government of Indonesia for a national GSM licence in December 2002, Natrindo was formally awarded the national licence in June 2003. This is a major milestone for the continuous growth of Cellular Services. Natrindo is devising the blueprint for the rollout of its services nationwide to capture the fast-growing Indonesian cellular market.

The number of activated subscribers of Natrindo’s services grew to approximately 93,820 as of 30th September 2003. Direct interconnections and inter-operator SMS with all GSM operators in Indonesia, and international roaming with Hong Kong, India, Malaysia, the Philippines, Singapore, Thailand, Australia and Saudi Arabia has been established.

IT Solutions

IT Solutions, of which PT Multipolar Corporation Tbk (a subsidiary of the Company listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange) forms the core, remained as a leading provider of IT system integration and solution services to the financial services industry while diversifying into higher value-added business solutions, consulting and outsourcing services. It is expanding into cross-industry sectors including telecommunications, gas & oil exploration, retail and manufacturing.

Retail

Matahari, a 47.4% owned associate of AAM Group listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange, positioned itself as the top retail brand and the largest publicly listed modern retailer in Indonesia, offering one-stop shopping to middle and upper-income families with a customer base of over 10 million people nationwide. It is continuing the process of rationalising its department store and supermarket chains so as to enhance its overall performance. Its network of 76 department stores and 53 supermarkets in over 37 cities as at the end of the Nine-month Period provides a sound platform for growth.

PROSPECTS

AAM Group will maintain its cautious view towards the operating environment of its four Business Groups for the remaining period of this year due to mixed signs of recovery of the global and Indonesian economies. On the other hand, it will continue to improve its operations and to seek growth opportunities.

DISCLOSURE OF INTERESTS IN SECURITIES

Directors and Chief Executive

As at 30th September 2003, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as notified to the Company and the Stock Exchange under Rule 5.40 of the GEM Listing Rules or as otherwise required by Rule 23.07 of the GEM Listing Rules were as follows:

Long Position in Shares and Debentures of the Company and Associated Corporations

None of the Directors or the chief executive of the Company were interested in any long position in the shares or debentures of the Company or any of its associated corporations.

Long Position in Underlying Shares of the Company and Associated Corporations

(i) Cash settled equity derivatives

Pursuant to the Pre-IPO Share Option Plan of the Company (the “Pre-IPO Plan”), the Directors and the chief executive of the Company were granted on 23rd June 2000 (the “Grant Date”) options to subscribe for shares of the Company at a subscription price of HK\$3.28 per share as follows:

Name	Number of underlying shares			Percentage of enlarged issued share capital
	Granted	Lapsed	Outstanding as of 30th September 2003	
Dr. Cheng Wen Cheng	13,150,000	–	13,150,000 <i>(Note 1)</i>	0.25
Mr. Richard Arthur Woolcott	3,546,000	–	3,546,000 <i>(Note 2)</i>	0.07
Mr. Stephen Hung	2,364,000	–	2,364,000 <i>(Note 3)</i>	0.04
Mr. Kwok Ming Cheung	2,364,000	–	2,364,000 <i>(Note 3)</i>	0.04
Mr. Marshall Wallace Cooper	355,000	–	355,000 <i>(Note 4)</i>	0.01
Total	21,779,000	–	21,779,000	

Notes:

- 1,330,000 shares became exercisable from 14th January 2001 and 2,364,000 shares from each of 1st June 2001, 1st June 2002 and 1st June 2003; 2,364,000 shares shall become exercisable from each of 1st June 2004 and 1st June 2005.*
- 354,600 shares became exercisable from each of 14th January 2001 and 1st April 2001 and 709,200 shares from each of 1st April 2002 and 1st April 2003; 709,200 shares shall become exercisable from each of 1st April 2004 and 1st April 2005.*
- 236,400 shares became exercisable from each of 14th January 2001 and 1st April 2001 and 472,800 shares from each of 1st April 2002 and 1st April 2003; 472,800 shares shall become exercisable from each of 1st April 2004 and 1st April 2005.*
- 35,500 shares became exercisable from each of 14th January 2001 and 1st April 2001 and 71,000 shares from each of 1st April 2002 and 1st April 2003; 71,000 shares shall become exercisable from each of 1st April 2004 and 1st April 2005.*
- The exercise period for all such shares shall end 10 years from the Grant Date (the “Expiry Date”).*

(ii) Physically settled and other equity derivatives

None of the Directors or the chief executive of the Company were interested in any long position in physically settled or other equity derivatives of the Company or any of its associated corporations.

Short position in Shares, Underlying Shares and Debentures of the Company and Associated Corporations

None of the Directors or the chief executive of the Company were interested in any short position in the shares, underlying shares or debentures of the Company or any of its associated corporations.

Substantial Shareholders

As at 30th September 2003, the interests and short positions of the substantial shareholders of the Company in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Position in Shares of the Company

Name	Number of shares	Percentage of issued share capital
Grandhill Asia Limited	500,000,000	9.87
Lippo Cayman Limited	3,669,576,788	72.45
Lanius Limited	3,669,576,788	72.45
Dr. Mochtar Riady	3,669,576,788	72.45
Madam Lidya Suryawaty	3,669,576,788	72.45

Note:

The shares of the Company were held by direct and indirect wholly-owned subsidiaries (including Cyport Limited and its wholly-owned subsidiary, Grandhill Asia Limited) of Lippo Cayman Limited ("Lippo Cayman") and Mideast Pacific Strategic Holdings Limited in which Lippo Cayman controlled a 30% interest. Lanius Limited ("Lanius") was the registered shareholder of the entire issued share capital of Lippo Cayman. Lanius was the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder. The beneficiaries of the trust included Dr. Mochtar Riady and his family members. Dr. Mochtar Riady was not the registered holder of any shares in the issued share capital of Lanius.

Long Position in Underlying Shares of the Company

None of the substantial shareholders of the Company were interested in any long position in the underlying shares of the Company.

Short Position in Shares and Underlying Shares of the Company

None of the substantial shareholders of the Company were interested in any short position in the shares or underlying shares of the Company.

Other Persons

As at 30th September 2003, no other persons had any interests or short positions in the shares or underlying shares (in respect of positions held pursuant to equity derivatives) of the Company according to the registers required to be kept by the Company under the SFO.

SHARE OPTIONS

As at 30th September 2003, options granted on the Grant Date to 13 participants (other than the Directors of the Company) to subscribe for an aggregate of 13,594,200 shares of the Company at a subscription price of HK\$3.28 per share were outstanding. The option for each grantee is exercisable in accordance with the Pre-IPO Plan at any time during a period commencing from the respective commencement dates and ending on the Expiry Date in accordance with the following schedule:

Commencement date	Percentage of underlying shares
14th January 2001	10
1st April 2001	10
1st April 2002	20
1st April 2003	20
1st April 2004	20
1st April 2005	20

The following options under the Pre-IPO Plan were outstanding during the Nine-month Period:

Participant	Number of underlying shares		
	As at 1st January 2003	Lapsed during the period	As at 30th September 2003
Directors	21,779,000	–	21,779,000
Others	15,865,200	(2,271,000)	13,594,200
Total	37,644,200	(2,271,000)	35,373,200

The Company also has a share option scheme adopted on 14th May 2002 (the “2002 Scheme”) under which employees of AAM Group (including the Directors of the Company) and other persons may be granted on or after 15th May 2002 options to subscribe for shares of the Company subject to the terms and conditions stipulated in the 2002 Scheme. No options had been granted under the 2002 Scheme as at 30th September 2003.

COMPETING INTERESTS

The Lippo Group (a general reference to the companies (including Lippo Cayman) in which Dr. Mochtar Riady and his family have a direct or indirect interest; the Lippo Group is not a legal entity and does not operate as one; each of the companies in the Lippo Group operates within its own legal, corporate and financial framework) might have had or developed interests in other technology related business, including telecommunications in Hong Kong and other parts in Asia during the Nine-month Period. There was a chance that such businesses might have competed with AAM Group during the Nine-month Period.

Save as disclosed herein, the Directors are not aware of any business or interest of the Directors, the management shareholders and their respective associates (as defined under the GEM Listing Rules) that have competed or may compete with the business of AAM Group and any other conflicts of interests which any such person had or may have with AAM Group.

AUDIT COMMITTEE

The Company established an audit committee on 23rd June 2000 with written terms of reference in accordance with Rules 5.23 and 5.24 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of AAM Group. The audit committee has met four times this year.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Rules 5.28 to 5.39 of the GEM Listing Rules regarding board practices and procedures throughout the Nine-month Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the Nine-month Period, there was no purchase, sale or redemption of the shares of the Company by the Company or any of its subsidiaries.

By Order of the Board
Richard Woolcott
Chairman

Hong Kong, 13th November 2003