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The Australian Competition and Consumer Commission (ACCC) has asked PricewaterhouseCoopers (PwC) to permit the ACCC to disclose the attached report to the public. PwC has agreed that the ACCC may make the report available to the public on the basis set out below

Caution: incomplete report

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- (f) you agree not to bring any action, claim, suit, demand, claim or any other proceedings whatsoever against PwC arising directly or indirectly out of or in connection with the report being made available to you.

Sankar Narayan
Chief Financial Officer
FOXTEL Management Pty Limited
Wharf 8
Pyrmont NSW 2009

19 January 2001

Report on Cost Schedules prepared for ACCC

Dear Sankar

We have prepared this report for inclusion in FOXTEL's submission to the ACCC dated on or about 19 January 2001. The procedures performed with respect to the Cost Schedules are as agreed with you and are detailed in our engagement letter of 12 January 2001. These Cost Schedules calculate the Cumulative Cost to 31 August 2000 per cable subscriber, and the Cumulative Cost to 31 August 2000 per installed cable Set Top Unit (STU).

Scope of our Work

Audit of the gross capital purchase cost of Set Top Units


We have audited the gross capital purchase costs of STU's extracted from the books and records of the FOXTEL Partnership as at 31 August 2000, and included in schedule A of Appendix 1. The management of the FOXTEL Partnership is responsible for the determination of the gross capital purchase costs. We have conducted an independent audit of the gross capital purchase costs in order to express an opinion on the gross capital purchase costs of STU's as at 31 August 2000.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the gross capital value of STU's at 31 August 2000 is presented fairly in accordance with the books and records of the company and the accruals basis of accounting.

The audit opinion expressed in this report has been formed on the above basis.

circulation, reproduction or use of our final or draft report contrary to the provisions of this paragraph.

Audit Opinion

In our opinion the gross capital purchase amount of Set Top Units of ¹ presents fairly the gross capital purchase costs of Set Top Units of the FOXTEL Partnership as at 31 August 2000 in accordance with the books and records of the FOXTEL Partnership and the accruals basis of accounting.

Findings

We have performed the agreed upon procedures outlined above with respect to the Other Cost Schedules. This work has been completed in accordance with Australian Auditing Standards AAS 904 "Engagements to perform Agreed upon Procedures", and in summary, our findings with respect to the Other Cost Schedules are as follows:

- (a) we have agreed the historical data to the FOXTEL group of entities books and records, with no exceptions noted.
- (b) we have documented the basis of the assumptions used in the calculations and
- (c) we have checked the arithmetic accuracy of the schedules, with no exceptions noted.

The detailed results of the procedures performed are included in Appendix 2.

Yours faithfully
PricewaterhouseCoopers



Maria Martin
Partner

¹ Obscured by FOXTEL – Please refer to notice accompanying for further information. Please contact ACCC for conditions on which full copy of the report is available.

Summary

| Ref | 95/96 | 96/97 | 97/98 | 98/99 | 99/00 | 00/01 | TOTAL |
|--|-------|-------|-------|-------|-------|-------|-------|
| A | | | | | | | |
| B | | | | | | | |
| C | | | | | | | |
| D | | | | | | | |
| E | | | | | | | |
| F | | | | | | | |
| G | | | | | | | |
| J | | | | | | | |
| Cable STUs | | | | | | | |
| Smart Card Costs | | | | | | | |
| Logistics Department | | | | | | | |
| Installation | | | | | | | |
| Engineering | | | | | | | |
| MDU Backboning / Conversion Cost | | | | | | | |
| Service Calls & Other Activities | | | | | | | |
| Foreign Exchange and Parts | | | | | | | |
| Number of Subscribers | | | | | | | |
| % Take up of additional STU | | | | | | | |
| Number of STUs installed | | | | | | | |
| Total cost (excluding marketing & MIF) | | | | | | | |
| Prior year costs brought forward | | | | | | | |
| Cost of capital imputed | | | | | | | 17.1% |
| Total cumulative costs | | | | | | | |
| Cumulative Cost per Subscriber | | | | | | | |
| Add Marketing Cost of access to the home | | | | | | | |
| Total Cost to Date per Subscriber | | | | | | | |
| Cumulative Cost per STU installed | | | | | | | |

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* All 00/01 figures are YTD August

STUs - Schedule A

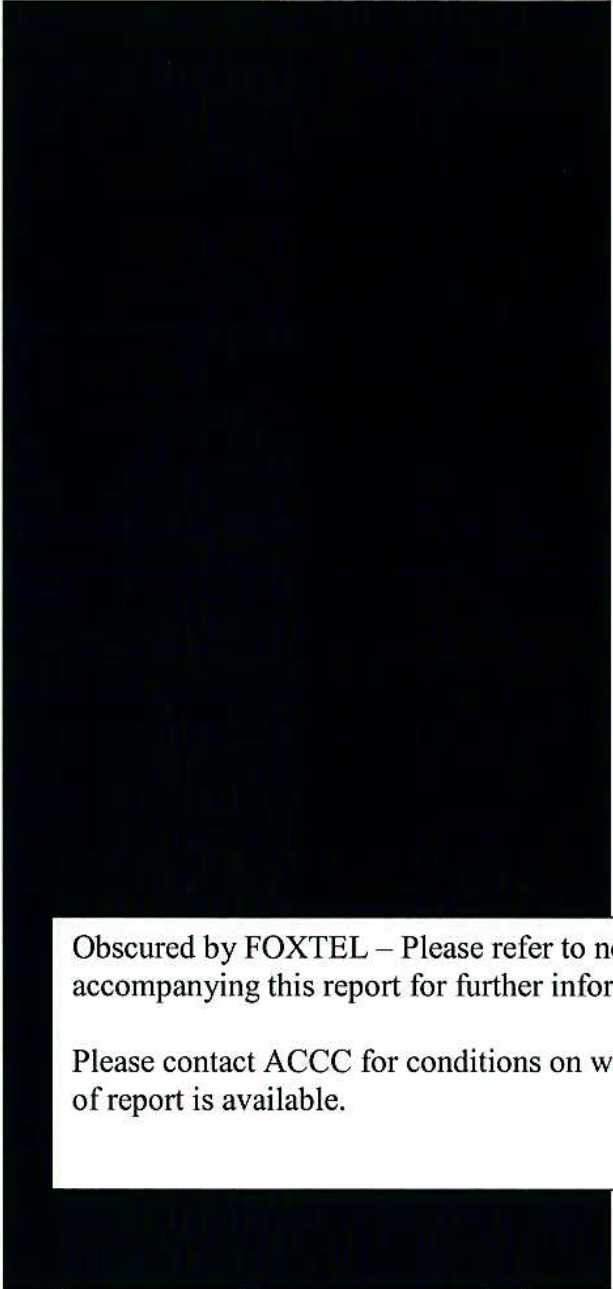
Cable STU Purchase Costs

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** 00/01 figures are YTD August*

Smart Card Costs - Schedule B



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Total Conditional Access Per P&L *

Less CAG Costs based on standard monitoring

- CAG Maintenance
- CAG Maintenance (HP)
- Data Links

NOTES

- * The Conditional Access account in the general ledger is used for the calculation of CAG costs. Therefore an adjustment is made to the CAG costs.
- * Although Telstra own the smart cards Foxtel is responsible for the costs of the smart cards.
- * 00/01 figures are YTD August

base of smart cards, smart card refurbishment and holding costs, CAG costs, which have not been declared. full for their cost.

Logistics - Schedule C

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STU Refurb Labour^(a)
 STU Spare parts - cosmetic^(a)
 STU Spare parts - Repairs^(a)
 STU Spare parts - Packaging^(a)
 STU Warehousing^(a)
 STU Interstate distribution^(a)
 STU No Fault Found Labour^(a)
 STU Repair Labour^(a)
 STU Lost write-off^(a)
 Stamp Duty^(a)
 Staff costs (assumed)

NOTES

- * The logistics department is responsible for management of the STU stocks and liaison with Telstra in relation to field activities. Direct costs relating to STUs are tracked separately in the ledger for each of Cable and Satellite.
- * Staff costs have been assumed based on the staff numbers responsible for management of the Cable STUs and field liaison (1 person in 95/96, growing to 4 people in the current year)
- * 00/01 figures are YTD August
- (a) Per P&L

Installation - Schedule D

| | 95/96 | 96/97 | 97/98 | 98/99 | 99/00 | 00/01 | TOTAL |
|--|-------|-------|-------|-------|-------|-------|-------|
| Reconnect wired house | | | | | | | |
| Reconnect existing sub to unwired house | | | | | | | |
| Standard installation cost | | | | | | | |
| Non standard installation cost | | | | | | | |
| Total Installation costs per P&L | | | | | | | |
| Standard installation revenue | | | | | | | |
| Non standard installation revenue | | | | | | | |
| Total Installation revenue per P&L | | | | | | | |
| Net installation cost per P&L | | | | | | | |
| <i>Gross Cable Installations per Management</i> | | | | | | | |
| <i>Derived Installation breakdown</i> | | | | | | | |
| - Reconnect wired | | | | | | | |
| - Reconnect existing sub to unwired | | | | | | | |
| - Standard | | | | | | | |
| Imputed cost of standard installs | | | | | | | |
| <i>(Telstra contribution towards access to the</i> | | | | | | | |
| Total Net Installation Cost | | | | | | | |

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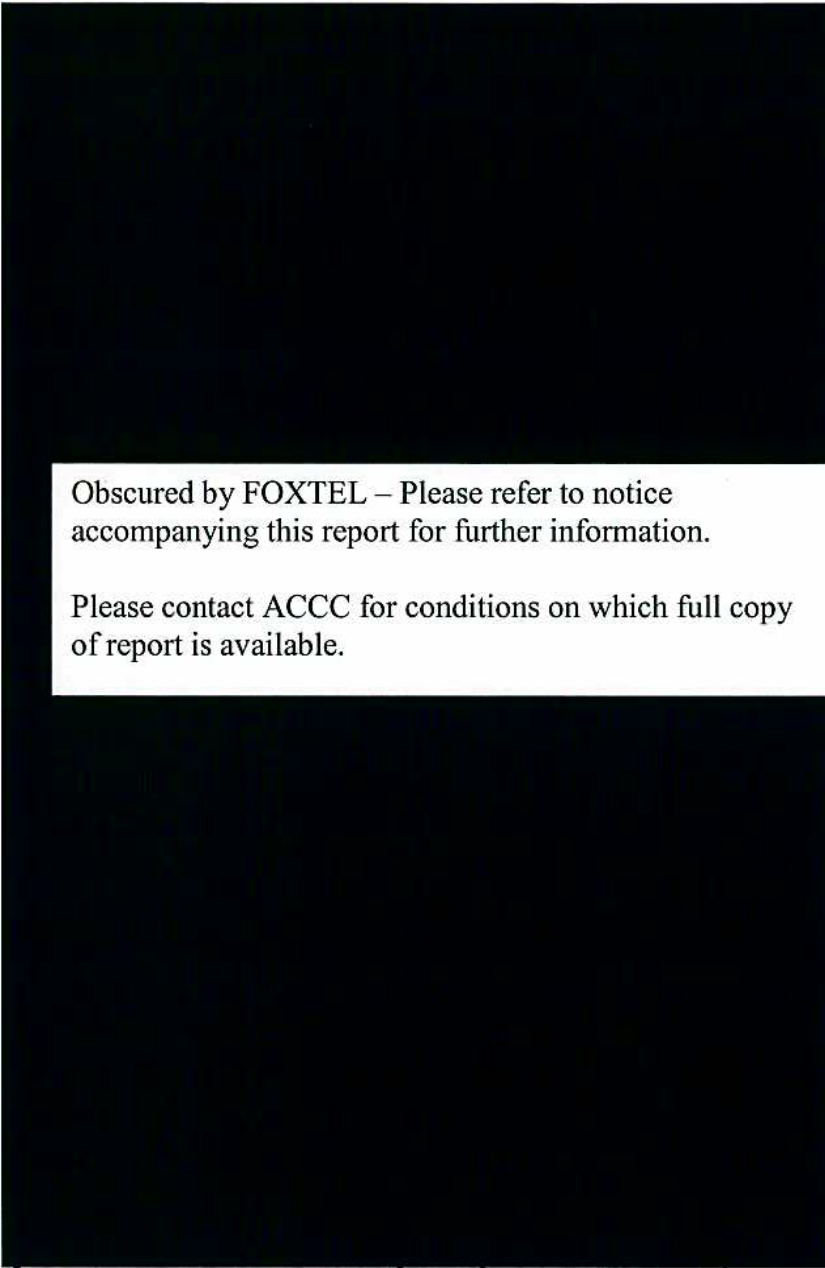
NOTES

- * FOXTEL is only directly charged for cable installations where the home has previously been connected, or where the installation is required as a result of a subscriber moving from one premises to another which has not yet been wired.
- * A cost of \$135 per standard installation is assumed to have been included in the revenue share charged by Telstra to FOXTEL. This is based on the cost charged to Foxtel to connect an existing subscriber in a home that has not previously been cabled.
- * 00/01 figures are YTD August

Engineering - Schedule E

| | 95/96 | 96/97 | 97/98 | 98/99 | 99/00 | 00/01 | TOTAL |
|---|-------|-------|-------|-------|-------|-------|-------|
| <p><i>Testing Equipment per Don Brooks</i></p> <p>EMFP</p> <p>VM700</p> <p>Spectrum Analyser</p> <p>Audio Measurement Set</p> <p>Modulator</p> <p>Staff costs (assumed)</p> | | | | | | | |
| <div style="border: 1px solid black; padding: 5px; margin: 5px auto; width: 80%;"> <p>Obscured by FOXTEL – Please refer to notice accompanying this report for further information.</p> <p>Please contact ACCC for conditions on which full copy of report is available.</p> </div> | | | | | | | |
| <p>NOTES</p> <p>* Staff costs assume 1 FTE to manage the testing of equipment and de</p> <p>* 00/01 figures are YTD August</p> | | | | | | | |
| <p><i>ew of equipment specifications.</i></p> | | | | | | | |

MDU Backboning Conversion - Schedule F



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| | |
|--|--|
| <p>Cable / MDU Investigation Capex per GL</p> <p>Cable allocation of departmental costs</p> | |
| <p><i>Departmental costs per P&L</i></p> <p><i>Total MDUs marketable - Cable</i></p> <p><i>Total MDUs marketable - Satellite</i></p> <p><i>Cable % of total</i></p> <p><i>Imputed departmental costs relating to Cable</i></p> | |

NOTES

- * The MDU department is responsible for negotiations with the bodies corporate, etc to backbone the block so that STUs can be installed in individual premises.
- * 00/01 figures are YTD August

Service Calls Activities - Schedule G

| | 95/96 | 96/97 | 97/98 | 98/99 | 99/00 | 00/01 | TOTAL |
|---|-------|-------|-------|-------|-------|-------|-------|
| Additional outlet at installation | | | | | | | |
| Additional outlet after installation | | | | | | | |
| Amplifier for multiple outlets | | | | | | | |
| Antenna coupler teletext primary | | | | | | | |
| Relocate wall socket | | | | | | | |
| Antenna coupler installation 2nd visit | | | | | | | |
| Amp for multiple outlet 2nd visit | | | | | | | |
| VCR Hookup after installation | | | | | | | |
| Service call inhouse maintenance * | | | | | | | |
| Replace remote control | | | | | | | |
| Total Activity Charges per P&L | | | | | | | |
| Additional outlet at installation | | | | | | | |
| Additional outlet after installation | | | | | | | |
| Antenna & Amp install | | | | | | | |
| Relocate box/dish/outlet | | | | | | | |
| VCR Hookup after installation | | | | | | | |
| Service change smart card | | | | | | | |
| Replacement smart card | | | | | | | |
| Replace remote control | | | | | | | |
| Total Activity Revenues per P&L | | | | | | | |
| Net Activity Charges | | | | | | | |
| <p>Obscured by FOXTEL – Please refer to notice accompanying this report for further information.</p> <p>Please contact ACCC for conditions on which full copy of report is available.</p> | | | | | | | |
| <p>* The split of Telstra Activity charges by Telstra for Dec 95 - June 96 (see note)</p> | | | | | | | |
| Total Activity charges | | | | | | | |
| Reconnect wired house | | | | | | | |
| Reconnect existing sub to unwired house | | | | | | | |
| Disconnection | | | | | | | |
| Other | | | | | | | |

95-96 Activity Charges - Schedule H

| |
|-----------------------------------|
| Total Activity charges |
| Reconnect wired house |
| Reconnect existing sub to unwired |
| Disconnection |
| Other |

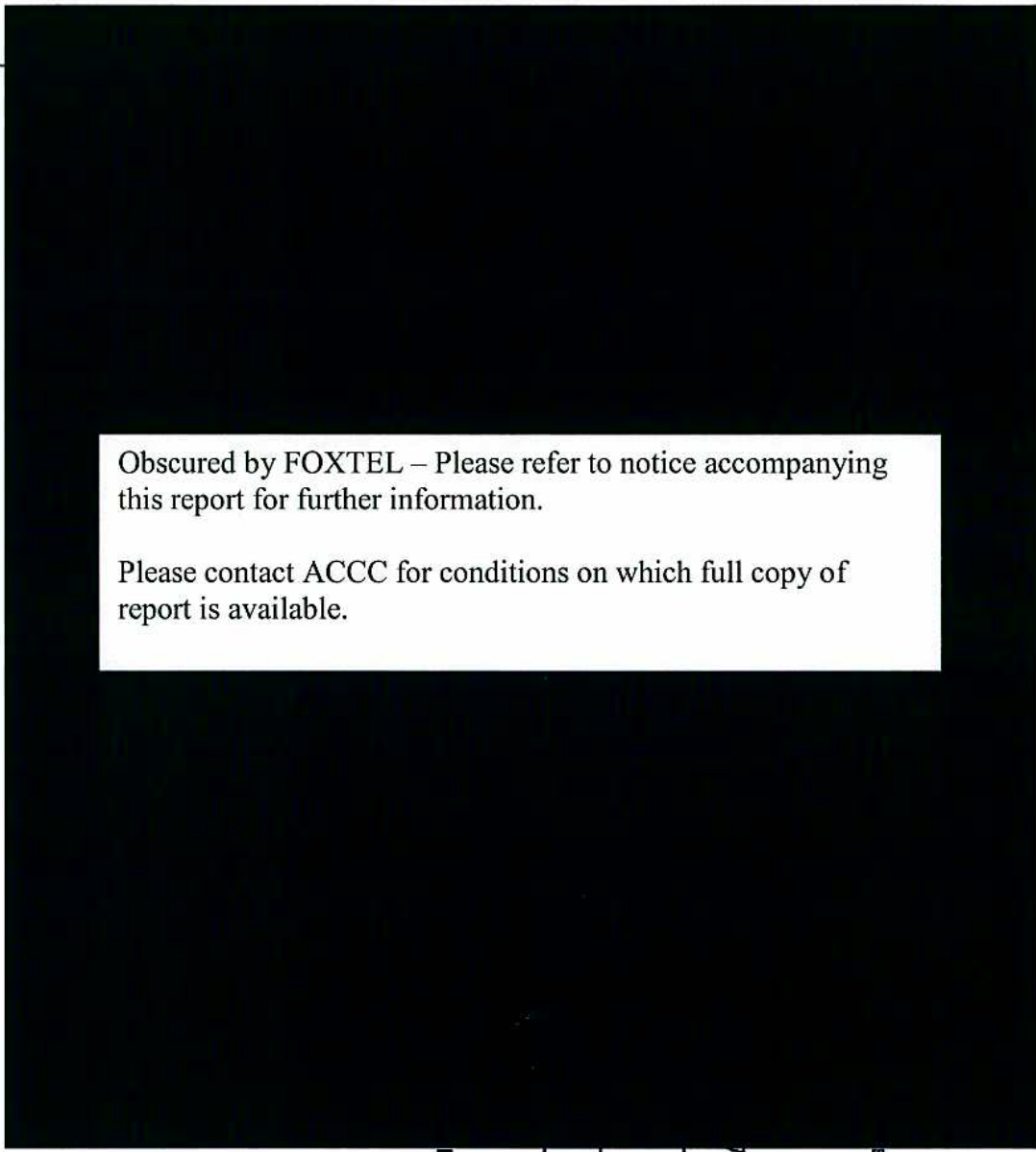
| |
|-----------------------------------|
| Reconnect wired house |
| Reconnect existing sub to unwired |
| Disconnection |
| Other |

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Sales & Marketing - Schedule I

95/96 96/97 97/98 98/99 99/00 00/01 TOTAL



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Marketing (excluding brand marketing)
Sales per GL (less MDU Thickening conversion)

Number of cable subscribers
Number of satellite subscribers
cable % of total

Pro-rata total

Number of Subscribers

Total cost per annum
Brought forward from previous years
Cost of capital charge
Total Cost

Total cost per subscriber

Marketing per GL (excluding magazine)
Less brand marketing allocation *

Brand marketing allocation based on specificity identity
Advertising Production & Media - Brand
Value
Outdoor
Sponsorships
Subscriber Marketing - Brand Campaign / New Services
Total brand marketing
Total marketing campaign budget
Brand marketing % of spend

* 00/01 figures are YTD August

Foreign Exchange and Parts - Schedule J

| | |
|--|--|
| Foreign exchange loss Parts | |
| Total foreign exchange loss per P&L | |
| Total USD Requirement USD requirement for Cable STUs % of USD relating to Cable STUs | |
| Foreign exchange loss attributed to Cable STU | |

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NOTES

- * As STU purchases are booked to the general ledger based on budget foreign exchange rates, the difference between budgeted and actual rates is booked to the P&L. This amount has been calculated by applying the % of total USD funds relating to STU purchases to the total foreign exchange loss.
- * Parts included here relate to the stock of parts on hand to service STUs in the field per GL movements.
- * 00/01 figures are YTD August

amount has been allowed for the loss recorded. This amount has been calculated by applying the % of total USD funds relating to STU purchases to the total foreign exchange loss.

Appendix 2 Agreed Upon Procedures – Cumulative Cost to 31.8.00 per cable subscriber and Cumulative cost per installed cable STU

| Procedures | Findings |
|---|--|
| <p>A. Preliminary</p> <p>1) Obtain general ledger for each period and ensure profit agrees to audited accounts for period except for 2000/01 period which has not yet been audited. Note any differences and whether they relate to any of the costs tested in Steps A to K.</p> | <p>1) The general ledger was obtained for each period for Foxtel Partnership (FP), Customer Service Centre (CSC) and Foxtel Cable Television (FCTV) and the profit was agreed to the audited accounts with no exceptions.</p> <p>Note: The 1995/96 period was actually from incorporation in March 1995 to 30 June 1996. Therefore the 1995 and 1996 ledgers were added together to give the 1995/96 profit. The 1995/96 and 1996/97 ledgers were both combined FP and FTVP ledgers. ie The total of the profit per the FP and FTVP accounts equals the profit per the combined ledgers-</p> |
| <p>B. Smart Card Costs</p> <p>1) Agree the total of Smart card costs plus CAG costs to the GL</p> | <p>1) Agreed the total of Smart card costs plus CAG costs to the General Management sub account code for 1995/96 and 1996/97 and the Broadband sub account code for 1997/98 onwards. These sub account codes were part of the Conditional Access code on the Expense account summaries report. Agreed the total of</p> |

| | |
|---|--|
| <p>2) Note basis of calculation of annual CAG cost</p> <p>3) For each year (except for 1995/96), agree one months CAG costs to Telstra settlement statement and check calculation of annual CAG charge for</p> <ul style="list-style-type: none"> - CAG Maintenance - CAG Maintenance (HP) - Data Links <p>4) Check calculation of smart card costs ie total per general ledger less CAG costs</p> | <p>the Conditional Access code (3015) to the general ledger, with no exceptions.</p> <p>2) Each month Telstra invoices Foxtel for conditional access charges. Foxtel have chosen one month's invoice for each year, identified the amounts which relate to CAG costs and multiplied this by 12 to calculate the annual CAG charges. These are standard monthly charges so are relatively constant throughout the period of review.</p> <p>3) Work performed and no exceptions noted. However 1995/96 was excluded from testing due to the difficulty in retrieving the supporting documentation for 1995/96 CAG costs. Foxtel have therefore assumed the costs were the same as the 96/97 period.</p> <p>4) Smart card costs calculated as total conditional access costs less CAG costs. No exceptions noted in testing of calculation.</p> |
| <p>C. Logistics Department</p> <p>1) Agree all figures, except for staff costs to the GL</p> | <p>1) For 1995/96, 1996/97 and 1997/98 agreed figures directly to the general ledger. From 1998/99 onwards the figures were agreed into the Cable department (300) figures on the "Breakdown by Account & Department". Agreed the total of the relevant accounts for all</p> |

| | |
|--|--|
| <p>2) Staff costs</p> <ul style="list-style-type: none"> - document basis of assumption - ascertain from human resources payroll records the current salary of a logistics manager | <p>departments to the general ledger with no exceptions.</p> <p>2) Foxtel have assumed 1 employee in 1995/96 increasing to 4 in subsequent years. This is considered by management to be conservative as there are actually 10 people in the Melbourne and Sydney logistics department at 1/7/00. As at 1/7/00 the salary for a logistics manager excluding on costs is \$105k.</p> |
| <p>D. Installation</p> <p>1) Agree all P&L figures to the GL</p> <p>2) Agree gross cable installations to management reports</p> <p>3) Document basis of calculating derived installation figures</p> | <p>1) Agreed 1995/96 reconnects and transfers to Schedule G. Agreed other 1995/96 figures and all 1996/97 and 1997/98 figures to the general ledger. Agreed 1998/99 figures onwards to the cable department figures on the "Breakdown by Account & Department". Agreed the total of the relevant accounts for all departments to the general ledger with no exceptions.</p> <p>2) Agreed to management report – Cable analogue subscribers, which were rounded to the nearest hundred. No exceptions noted.</p> <p>3) Foxtel do not pay Telstra directly for standard installations. Foxtel has therefore calculated the imputed cost of these standard installations. The number of standard installations was calculated by deducting from the gross cable installations, the number of reconstructions of wired and</p> |

| | |
|--|---|
| <p>4) Agree cost per reconnection of a wired and unwired house to the BCA and check calculation of derived installation breakdown</p> <p>5) Document the basis of using the cost for reconnection of an existing subscriber to an unwired house as an approximation of the cost for standard installations</p> <p>6) Check imputed cost of standard installations</p> <p>E. Engineering</p> <p>1) Document basis of calculating testing equipment figures and staff figures</p> | <p>unwired houses. (The number of reconnections were calculated by dividing the total cost per year for each category of installation per the general ledger by the standard cost of installation per the Broadband Co-operation Agreement (BCA)).</p> <p>The cost applied to the number of standard installations is based on the fee to reconnect an existing subscriber to an unwired house (ie to connect an existing subscriber who has moved to a home that has not previously been connected).</p> <p>4) Costs were agreed to an extract from the BCA and calculations checked with no exceptions.</p> <p>5) Foxtel considers the installation cost to be similar for an unwired house regardless of whether the customer was previously a subscriber (ie reconnecting) or if the customer is a new subscriber.</p> <p>6) Calculation checked and no exceptions noted.</p> |
| <p>1) Document basis of calculating testing equipment figures and staff figures</p> | <p>1) The equipment costs are estimates of the cost of initially purchasing equipment to test the STUs before they go out into the field. These costs</p> |

| | |
|---|--|
| | <p>were based on the engineering manager's estimates of the cost of specific pieces of equipment. Management believes that if they obtained quotes for this equipment, they would be higher than the costs recorded.</p> <p>The staff costs are a proportion of Peter Smith (Engineering Director), Don Brooks, Arthur Zheng (Engineer) and Ian Waldron's (Technical Services Supervisor) time, based on an estimate of the amount of their time spent testing the STUs. The cost is the equivalent of approximately one quarter of the 4 staff's cost, or one engineer full time.</p> |
| <p>F. MDU Backboning / Conversion Cost</p> <p>1) Agree Cable / MDU Investigation Capex to the GL</p> <p>2) Agree total cable Departmental costs to the general ledger.</p> | <p>1) The Cable/ MDU Investigation Capex was agreed to the project code "Cable/MDU investigation" in the Capex report. The total of all the project codes in the Capex report was agreed to the general ledger. No exceptions noted.</p> <p>2) Agree 1995/96 and 1996/97 figures to the "Breakdown by Department & Period". Agreed the total of this report (net profit) to the general ledger. Agreed 1997/98 figures onwards to the "Breakdown by Account & Department" for all sales cost codes. Agreed the total of the relevant accounts for all departments to the Sales expense line on the "P&L by Department". Agreed the</p> |

| | |
|--|--|
| <p>3) Check the calculation of the cable allocation of departmental costs</p> <ul style="list-style-type: none"> - Agree MDUs marketable for Cable and Satellite to books and records, noting reports, and where reports derived from. - Check the calculation of the cable % of total | <p>net profit per the "P&L by Department" to the general ledger, with no exceptions.</p> <p>3) Agreed MDUs marketable for Cable to the "Cable Analogue Subscribers" report and for Satellite to the "Satellite STD Subscribers" report. These reports form part of the management reports and are rounded to the nearest thousand. Checked calculation of cable percentage of total – no exceptions noted.</p> |
| <p>G. Service Calls & Other Activities</p> <p>1) Agree all P&L expense and revenue figures except 1995 /1996 activity charges to the GL</p> | <p>1) Agreed 1995/96 activity revenue figures and all 1996/97 and 1997/98 figures to the general ledger. Agreed 1998/99 figures onwards to the cable department figures on the "Breakdown by Account & Department". Agreed the total of the relevant accounts for all departments to the general ledger, with no exceptions.</p> |
| <p>H. Activity Charges</p> <p>1) Agree activity charges for 1995/96 to supporting documentation</p> <p>2) Check calculation of other activity charges for 95/96 based on activity percentages.</p> | <p>1) Agreed activity charges to Telstra invoices. No exceptions noted.</p> <p>2) Calculations checked and no exceptions noted. (NB: The calculations are annualised based on the actual cost for each type of activity for the period Nov 95 to June 96.)</p> |

| | |
|---|---|
| <p>3) Document basis of including "other" activity costs for 1995/96</p> | <p>3) Foxtel advises that the comparable costs for service calls and activities incurred in 1995/96 are included in the 1995/96 ledger account called Broadband costs. "Other" activity charges represent the total of this account less</p> <ul style="list-style-type: none"> • reconnectionsto wired and unwired houses, which have been included in Schedule D. • Disconnections, which have not been included in the calculations for any periods. <p>The cost of reconnections to wired and unwired houses and disconnections for the year have been calculated based on the costs per the Telstra invoices from Nov 95 to June 96 – refer procedure 2 above.</p> |
| <p>I. Marketing cost of access to the home</p> <p>1) Agree total marketing cost (excluding magazine) to general ledger</p> | <p>1) Agreed 1995/96 and 1996/97 figures to the "Breakdown by Account & Department". The total marketing costs were agreed into the "Breakdown by Department & Period". Agreed the total of this report (net profit) to the general ledger. Agreed 1998/99 figures onwards to the "Breakdown by Account & Department". Agreed the total of the relevant accounts for all departments to the Marketing expense line on the "P&L by Department". Agreed the net profit per the "P&L by Department" to the general ledger. No exceptions noted.</p> |
| <p>2) Document basis for percentage allocated to brand</p> | <p>2) Foxtel has used information from the marketing</p> |

| | |
|--|--|
| <p>marketing, and rationale for using consistent percentage for all periods</p> | <p>department's 2000/01 marketing activity budget to determine the percentage of all marketing costs which are brand specific. It has been assumed that the remainder of the marketing spend relates to channel development. This amount has been included as a cost of the STUs.</p> <p>This 2000/01 budgeted percentage has been used across all years. Foxtel considers this to be conservative, because in earlier years consumers knew less about PAYTV and therefore a larger proportion of the marketing spend would have been devoted to educating consumers about PAYTV.</p> |
| <p>3) Check calculation of marketing excluding brand marketing</p> <p>4) Agree sales costs (less MDU Backboning costs) to general ledger</p> | <p>3) Calculations checked and no exceptions noted.</p> <p>4) Agreed 1995/96 and 1996/97 figures to the "Breakdown by Department & Period". Agreed the total of this report (net profit) to the general ledger. Agreed 1998/99 figures onwards to the "Breakdown by Account & Department" detailing all sales cost codes. Tied the figures into total sales cost codes less the MDU department cost codes. Agreed the total of the relevant accounts for all departments to the Sales expense line on the "P&L by Department". Agreed the net profit per the "P&L by Department" to the general ledger. No exceptions noted.</p> |

| | |
|--|---|
| <p>5) Agree number of cable and satellite subscribers for 1998/1999, 1999/2000 an 2000/2001 to books and records, noting source of information</p> <p>6) Agree number of cable and satellite subscribers at 31/8/00 to subscriber management system (Wizard)</p> <p>7) Check calculation of portion of sales and marketing which relates to cable.</p> <p>8) Check calculation of cost of capital</p> <p>9) Check calculation of sales and marketing cost per subscriber</p> | <p>5) Agreed to management reports, "Cable analogue subscribers", and "Satellite STD subscribers" which were rounded to the nearest hundred - no exceptions noted.</p> <p>6) Agreed to Wizard report with no exceptions noted.</p> <p>7) Calculation checked and no exceptions noted.</p> <p>8) Calculation checked and no exceptions noted.</p> <p>9) Calculation checked and no exceptions noted.</p> |
| <p>J. Foreign exchange and spare parts</p> <p>1. Check the calculation of foreign exchange loss by</p> <ul style="list-style-type: none"> - Agree total foreign exchange loss to the GL - check the calculation of the % of USD relating to Cable STUs - Agree STU purchases to the audited figures in Schedule A - Agree total USD funds and USD requirements for cable STUs to the USD cash forecast for 1999/00 - Note the basis of the assumption for using the 1999/00 % of USD relating to cable STU's for 1995/96, 1996/97, 1997/98 and 1998/99 | <p>1) Calculation checked and:</p> <ul style="list-style-type: none"> - no exceptions noted. - no exceptions noted. - no exceptions noted. - no exceptions noted. - The 1999/00 calculation of the percentage of USD relating to cable STU's has been used for the previous |

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| <p>- Check the calculation of foreign exchange loss attributable to cable STU's</p> <p>2) Agree parts to GL</p> | <p>years. Foxtel believes that this is conservative because this percentage would have been going down over time because more USD were spent on satellite rather than cable installations in later years.</p> <p>- no exceptions noted</p> <p>2) Agreed parts to the yearly movements in the balance sheet accounts in the general ledger.</p> |
| <p>K. Summary</p> <p>1) Agree number of subscribers at 31/8/00 to those tested in section I</p> <p>2) Agree % take up of additional STU at 31/8/00 to books and records, noting source of information.</p> <p>3) Check calculation of number of STU's installed</p> <p>4) Note basis of assumption of 17.1% cost of capital used in summary and Schedule</p> <p>5) Check calculation of cost of capital</p> | <p>1) Work performed and no exceptions noted.</p> <p>2) Agreed to cable analogue subscribers report and no exceptions noted.</p> <p>3) Calculation checked and no exceptions noted.</p> <p>4) Represents mid point of nominal pre tax weighted average cost of capital. Refer to Foxtel management submission for details of assumptions.</p> <p>5) Calculation checked and no exceptions noted.</p> |

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| <p>6) Check calculation of total cost to date per subscriber</p> <p>7) Check calculation of cumulative cost per STU installed</p> <p>8) Ensure all calculations checked on supporting Schedules A to H</p> | <p>6) Calculation checked and no exceptions noted.</p> <p>7) Calculation checked and no exceptions noted.</p> <p>8) Calculations checked and no exceptions noted.</p> |
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