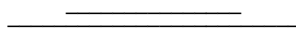


DBS SATELLITE SERVICES (1998) LTD.
CONDENSED INTERIM FINANCIAL STATEMENTS
AS OF JUNE 30, 2003
(Unaudited)

DBS SATELLITE SERVICES (1998) LTD.
CONDENSED INTERIM FINANCIAL STATEMENTS
AS OF JUNE 30, 2003
(Unaudited)

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August 7, 2003

The Board of Directors of
DBS Satellite Services (1998) Ltd.
Kfar Saba

Dear Sirs,

Re: Review of unaudited condensed interim financial statements for
the periods ended June 30, 2003

At your request, we have reviewed the condensed interim balance sheet of DBS Satellite Services (1998) Ltd. (hereafter - the Company) as of June 30, 2003 and the condensed interim statements of operations, changes in capital deficiency and cash flows for the six and three month periods ended on that date. Our review was performed in accordance with the procedures prescribed by the Institute of Certified Public Accountants in Israel. Inter alia, these procedures included: reading the financial statements referred to above, reading the minutes of meetings of shareholders and of the board of directors and its committees and making inquiries of Company officers responsible for financial and accounting matters.

Since our review was limited in scope and did not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on the condensed interim financial statements.

In performing our review, nothing came to our attention that indicates that material adjustments need to be made to the condensed interim financial statements referred to above, in order for them to be considered as having been prepared in accordance with accounting principles generally accepted in Israel and with the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

We draw attention to note 3 to the condensed financial statements regarding the financial position of the Company. As stated in said note, the Company's continued activity depends on the execution of the amendment to the financing agreement signed with banks and on the receipt of additional loans from shareholders.

Sincerely yours,

Kesselman & Kesselman
Certified Public Accountants (Isr.)

DBS SATELLITE SERVICES (1998) LTD.
CONDENSED BALANCE SHEET
AS OF JUNE 30, 2003
IN ADJUSTED NIS

	June 30		December 31,
	2003	2002	2002
	(Unaudited)		(Audited)
	In thousands		
A s s e t s			
CURRENT ASSETS:			
Cash and cash equivalents	2,125	4,198	*1,672
Short-term deposit	2,572		*2,827
Accounts receivable:			
Trade	98,417	89,577	105,729
Other	6,271	12,857	4,821
T o t a l current assets	<u>109,385</u>	<u>106,632</u>	<u>115,049</u>
BROADCASTING RIGHTS:			
Cost	290,229	305,841	*249,383
Less - utilized rights	138,119	92,362	*110,539
	<u>152,110</u>	<u>213,479</u>	<u>138,844</u>
FIXED ASSETS:			
Cost	2,032,892	1,814,952	1,940,980
Less - accumulated depreciation (see note 5)	801,645	420,167	610,059
	<u>1,231,247</u>	<u>1,394,785</u>	<u>1,330,921</u>
LICENSE FEES - ADVANCE ON ACCOUNT OF ROYALTIES			
		19,625	6,451
	<u>1,492,742</u>	<u>1,734,521</u>	<u>1,591,265</u>
Liabilities, net of capital deficiency			
CURRENT LIABILITIES:			
Accounts payables and accruals:			
Trade	441,990	566,766	535,531
Other	87,552	39,388	78,466
T o t a l current liabilities	<u>529,542</u>	<u>606,154</u>	<u>613,997</u>
BANK CREDIT	<u>1,218,049</u>	<u>1,026,744</u>	<u>1,119,895</u>
	<u>1,747,591</u>	<u>1,632,898</u>	<u>1,733,892</u>
LONG-TERM LIABILITIES:			
Liability for employee rights upon retirement	3,789	1,147	2,826
Customer deposits, net	34,227	39,166	41,847
Other liabilities	49,012	25,427	14,264
T o t a l long-term liabilities	<u>87,028</u>	<u>65,740</u>	<u>58,937</u>
SHAREHOLDERS' LOANS	<u>2,227,341</u>	<u>1,907,087</u>	<u>2,080,800</u>
T o t a l liabilities	<u>4,061,960</u>	<u>3,605,725</u>	<u>3,873,629</u>
CAPITAL DEFICIENCY	<u>(2,569,218)</u>	<u>(1,871,204)</u>	<u>(2,282,364)</u>
	<u>1,492,742</u>	<u>1,734,521</u>	<u>1,591,265</u>

* Reclassified

Katriel Moriah
Deputy Financial Officer

Shlomo Liran
Chief Executive Officer

David Brodet
Chairman of the
Board of Directors

Date of approval of the financial statements: August 7, 2003.

The accompanying notes are an integral part of these condensed financial statements.

DBS SATELLITE SERVICES (1998) LTD.
CONDENSED STATEMENTS OF OPERATIONS
FOR THE 6 AND 3 MONTH PERIODS ENDED JUNE 30, 2003
IN JUNE 2003 ADJUSTED NIS

	6 months ended		3 months ended		Year ended
	June 30		June 30		December 31,
	2003	2002	2003	2002	2002
	(Unaudited)		(Unaudited)		(Audited)
	I n t h o u s a n d s				
REVENUES	403,939	297,236	207,278	161,206	669,177
OPERATING EXPENSES	<u>500,934</u>	<u>532,661</u>	<u>249,576</u>	<u>275,661</u>	<u>1,084,233</u>
GROSS LOSS	<u>96,995</u>	<u>235,425</u>	<u>42,298</u>	<u>114,455</u>	<u>415,056</u>
SELLING, MARKETING, GENERAL AND ADMINISTRATIVE EXPENSES:					
Selling and marketing	51,894	69,358	26,645	31,312	118,754
General and administrative	<u>46,824</u>	<u>60,915</u>	<u>22,346</u>	<u>30,380</u>	<u>116,439</u>
	<u>98,718</u>	<u>130,273</u>	<u>48,991</u>	<u>61,692</u>	<u>235,193</u>
LOSS FROM ORDINARY OPERATIONS	195,713	365,698	91,289	176,147	650,249
FINANCIAL EXPENSES (INCOME), net	86,728	(57,771)	72,174	(41,043)	47,841
OTHER EXPENSES (see note 6)	<u>4,413</u>	<u> </u>	<u>1,766</u>	<u> </u>	<u>21,006</u>
LOSS FOR THE PERIOD	<u><u>286,854</u></u>	<u><u>307,927</u></u>	<u><u>165,229</u></u>	<u><u>135,104</u></u>	<u><u>719,096</u></u>

The accompanying notes are an integral part of these condensed financial statements.

DBS SATELLITE SERVICES (1998) LTD.
CONDENSED STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY
FOR THE 6 AND 3 MONTH PERIODS ENDED JUNE 30, 2003
IN JUNE 2003 ADJUSTED NIS

	Share capital and premium	Accumulated deficit	Total
	In thousands		
BALANCE AS OF JANUARY 1, 2003 (audited)	20	(2,282,384)	(2,282,364)
CHANGES DURING THE 6 MONTHS ENDED JUNE 30, 2003 (unaudited) - loss		(286,854)	(286,854)
BALANCE AS OF JUNE 30, 2003 (unaudited)	<u>20</u>	<u>(2,569,238)</u>	<u>(2,569,218)</u>
BALANCE AS OF JANUARY 1, 2002 (audited)	11	(1,563,288)	(1,563,277)
CHANGES DURING THE 6 MONTHS ENDED JUNE 30, 2002 (unaudited) - loss		(307,927)	(307,927)
BALANCE AS OF JUNE 30, 2002 (unaudited)	<u>11</u>	<u>(1,871,215)</u>	<u>(1,871,204)</u>
BALANCE AS OF APRIL 1, 2003 (unaudited)	20	(2,404,009)	(2,403,989)
CHANGES DURING THE 3 MONTHS ENDED JUNE 30, 2003 (unaudited) - loss		(165,229)	(165,229)
BALANCE AS OF JUNE 30, 2003 (unaudited)	<u>20</u>	<u>(2,569,238)</u>	<u>(2,569,218)</u>
BALANCE AS OF APRIL 1, 2002 (unaudited)	11	(1,736,111)	(1,736,100)
CHANGES DURING THE 3 MONTHS ENDED JUNE 30, 2002 (unaudited) - loss		(135,104)	(135,104)
BALANCE AS OF JUNE 30, 2002 (unaudited)	<u>11</u>	<u>(1,871,215)</u>	<u>(1,871,204)</u>
BALANCE AS OF JANUARY 1, 2002 (audited)	11	(1,563,288)	(1,563,277)
CHANGES DURING THE YEAR ENDED DECEMBER 31, 2002 (audited):			
Issue of share capital	9		9
Loss		(719,096)	(719,096)
BALANCE AS OF DECEMBER 31, 2002 (audited)	<u>20</u>	<u>(2,282,384)</u>	<u>(2,282,364)</u>

The accompanying notes are an integral part of these condensed financial statements.

DBS SATELLITE SERVICES (1998) LTD.
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 6 AND 3 MONTH PERIODS ENDED JUNE 30, 2003
IN JUNE 2003 ADJUSTED NIS

	6 months ended		3 months ended		Year ended
	June 30		June 30		December 31,
	2003	2002	2003	2002	2002
	(Unaudited)		(Unaudited)		(Audited)
I n t h o u s a n d s					
CASH FLOWS FROM OPERATING ACTIVITIES:					
Loss for the period	(286,854)	(307,927)	(165,229)	(135,104)	(719,096)
Adjustments required to reflect the cash flows from operating activities (a)	<u>261,580</u>	<u>265,961</u>	<u>134,489</u>	<u>93,358</u>	<u>649,251</u>
Net cash used in operating activities	<u>(25,274)</u>	<u>(41,966)</u>	<u>(30,740)</u>	<u>(41,746)</u>	<u>(69,845)</u>
CASH FLOWS FROM INVESTING ACTIVITIES, see (b) below:					
Short-term deposit					(2,827)
Payments on account of purchase of fixed assets, see (b) below	(138,000)	(288,639)	(58,065)	(171,008)	(479,429)
Payments on account of purchase of broadcasting rights	(79,619)	(24,001)	(28,637)	(15,614)	(49,531)
Proceeds from sale of fixed assets	<u>11,421</u>	<u> </u>	<u>8,092</u>	<u> </u>	<u>10,795</u>
Net cash used in investing activities	<u>(206,198)</u>	<u>(312,640)</u>	<u>(78,610)</u>	<u>(186,622)</u>	<u>(520,992)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:					
Receipt of long-term loans from shareholders	133,771	267,113	67,185	171,245	407,669
Credit from banks - net	<u>98,154</u>	<u>91,668</u>	<u>42,308</u>	<u>60,926</u>	<u>184,817</u>
Net cash provided by financing activities	<u>231,925</u>	<u>358,781</u>	<u>109,493</u>	<u>232,171</u>	<u>592,486</u>
INCREASE IN CASH AND CASH EQUIVALENTS	453	4,175	143	3,803	1,649
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>1,672</u>	<u>23</u>	<u>1,982</u>	<u>395</u>	<u>23</u>
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>2,125</u></u>	<u><u>4,198</u></u>	<u><u>2,125</u></u>	<u><u>4,198</u></u>	<u><u>1,672</u></u>

DBS SATELLITE SERVICES (1998) LTD.
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 6 AND 3 MONTH PERIODS ENDED JUNE 30, 2003
IN JUNE 2003 ADJUSTED NIS

	<u>6 months ended</u>		<u>3 months ended</u>		<u>Year ended</u>
	<u>June 30</u>		<u>June 30</u>		<u>December 31,</u>
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2002</u>
	<u>(Unaudited)</u>		<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>I n t h o u s a n d s</u>				
(a) Adjustments required to reflect the cash flows from operating activities:					
Income and expenses not involving cash flows:					
Depreciation and amortization	195,817	147,960	103,492	78,837	325,379
Amortization of license fees	6,451	8,388		4,012	21,301
Utilized broadcasting rights	62,343	67,288	30,154	40,100	148,631
Depreciation of installation equipment					20,942
Liability for employee rights upon retirement, net	963	(73)	487	(45)	1,606
Linkage differences on (erosion of) other long-term liabilities	491		(108)		1,525
Linkage differences on (erosion of) interest on shareholders' loans	12,770	(22,000)	20,323	(12,790)	11,156
Other	91		205		985
	<u>278,926</u>	<u>201,563</u>	<u>154,553</u>	<u>110,114</u>	<u>531,525</u>
Changes in operating asset and liability items:					
Decrease (increase) in accounts receivable:					
Trade	2,825	(29,217)	(336)	(16,011)	(35,655)
Other	(1,450)	18,751	(1,716)	(2,212)	26,797
Increase (decrease) in accounts payable and accruals:					
Trade	(20,187)	48,461	(23,531)	(11,081)	59,266
Customer deposits - net	(7,540)	18,780	(4,878)	5,184	29,722
Other	9,006	7,623	10,397	7,364	37,596
	<u>(17,346)</u>	<u>64,398</u>	<u>(20,064)</u>	<u>(16,756)</u>	<u>117,726</u>
	<u>261,580</u>	<u>265,961</u>	<u>134,489</u>	<u>93,358</u>	<u>649,251</u>

DBS SATELLITE SERVICES (1998) LTD.
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 6 AND 3 MONTH PERIODS ENDED JUNE 30, 2003
IN JUNE 2003 ADJUSTED NIS

	6 months ended June 30		3 months ended June 30		Year ended December 31,
	2003	2002	2003	2002	2002
	(Unaudited)		(Unaudited)		(Audited)
	I n t h o u s a n d s				
(b) Supplementary information on investing activities not involving cash flows:					
1) Increase (decrease) in suppliers' credit in respect of purchase of fixed assets	(35,262)	(59,926)	(17,080)	40,563	(92,647)
Increase (decrease) in suppliers' credit in respect of purchase of broadcasting rights	(4,010)	21,322	(7,808)	5,596	2,430
2) During the second half of 2002, The Company sold its customers digital satellite decoders in installments as part of a one-time marketing campaign. The payments that were received in 2002 and in the 6 month period ended June 30, 2003 were included within the framework of the relevant period's investing activities, while the remaining installments, which amount to adjusted NIS 2 million, will be included in future periods.					

The accompanying notes are an integral part of these condensed financial statements.

DBS SATELLITE SERVICES (1998) LTD.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)
AS OF JUNE 30, 2003

1. General

The interim financial statements as of June 30, 2003 and for the six and three month periods then ended (hereafter - the interim statements) were drawn up in condensed form, in accordance with Accounting Standard No. 14 of the Israel Accounting Standards Board (hereafter - the IASB) and in accordance with the Securities (Periodic and Immediate Reports) Regulations, 1970.

The accounting principles applied in the preparation of the interim statements are consistent with those applied in the preparation of the annual financial statements. However, the interim statements do not include all the information and explanations required for the annual financial statements.

Standard 14 of the IASB, which superseded Opinion 43 of the Institute of Certified Public Accountants in Israel, is applicable to financial statements for periods commencing on and after January 1, 2003; application of the standard at the beginning of 2002 would not have affected the comparative data presented in the interim statements.

2. Activities

DBS Satellite Services (1998) Ltd. (hereafter - the Company) was incorporated in Israel on December 2, 1998. In January 1999, the Company received a license from the Ministry of Communications to broadcast in Israel television broadcasts by means of satellite (hereafter - the License). The License is for a period of ten years from the date of its receipt, and can be extended for an additional period of six years, subject to certain conditions. The Company is subject to the Telecommunications Law, 1982 (hereafter - the Telecommunications Law), the regulations and rules promulgated thereunder and the terms of the License.

In July 2000, the Company completed the development stage and began to provide its customers with multi-channel television broadcasts in accordance with the License granted to it under the Telecommunications Law.

3. The Company's financial position

- a) Since the commencement of its operations, the Company has accumulated significant losses and sustained negative cash flows. The loss for 2002 amounted to approximately adjusted NIS 719 million, and the loss for the six months ended June 30, 2003 amounted to approximately adjusted NIS 287 million. As a result of these losses, the capital deficiency and the working capital deficit as of June 30, 2003 aggregated approximately adjusted NIS 2,569 million and approximately adjusted NIS 1,638 million, respectively. The working capital deficit includes approximately adjusted NIS 1,218 million in bank credit (see also b below).
- b) On May 23, 2001, the Company entered into a financing agreement (hereafter - the financing agreement) with certain banks (hereafter - the Banks). The financing agreement includes, inter alia, undertakings by the Company to meet certain suspending conditions as well as specified cumulative milestones and financial stipulations (hereafter - the terms). A financial review performed by the Banks at the beginning of 2002 determined that the amount of finance required for the Company's activities substantially exceeds the financing requirements defined in the financing agreement.

DBS SATELLITE SERVICES (1998) LTD.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)
AS OF JUNE 30, 2003

3. The Company's financial position (continued):

b) (continued)

On December 30, 2002, the Company, its shareholders and the Banks signed an agreement regarding the expansion of the credit facility provided by the Banks (hereafter - the interim facility), which is to be carried out in parallel with additional investments by the shareholders, in an amount not less than 150% of the amount infused by the Banks. Receipt of the finance under the interim facility is, inter alia, conditional upon the Company's meeting certain financial and operating conditions, as stipulated in the aforesaid agreement.

At the same time as the aforesaid agreement was being signed, discussions were being held between the parties regarding the expansion of the interim facility within the framework of an amendment to the financing agreement (hereafter - the amendment agreement).

To date of approval of these financial statements, the shareholders and the Banks have transferred to the Company approximately U.S. \$ 36 million and U.S. \$ 24 million, respectively, which constitutes the full amount of their commitments under the interim facility. Despite this, not all the terms stipulated in the financing agreement and the interim facility have yet been fulfilled.

A financial review performed by the Banks during the reporting period has determined that the overall amount of finance required for the Company does not exceed the amount of the interim facility, together with the addition thereto provided under the amendment agreement (including the shareholders' proportionate share).

On August 6, 2003, the Banks and the Company signed the amendment agreement. Pursuant to the amendment agreement, the Banks are to provide the Company with further facilities, in addition to those provided under the financing agreement and the interim facility, this being subject to the Company complying with the conditions and achieving the milestones stipulated in the amendment agreement, which include the shareholders making additional investments amounting to not less than 150% of the amount to be infused by the Banks. The amendment agreement will only become effective after compliance with certain specified suspending conditions, and in any event not later than August 20, 2003 or such later date as agreed between the parties. The principal shareholders are continuing to provide the Company with additional credit, in addition to the sums already provided under the interim facility, on account of the amounts due under the amendment agreement. To date of approval of these financial statements, the amount of credit provided to the Company by the shareholders on account of the amounts due under the amendment agreement aggregates approximately U.S. \$ 18.6 million.

- c)** The receipt of additional loans from a principal shareholder is conditional, inter alia, upon the approval of the Ministerial Committee for Privatization (hereafter - the Committee). The Committee has given approval for the shareholder to increase his investment up to the sum arrived at by multiplying the percentage of his holding in the Company's share capital by U.S. \$ 480 million. On January 14, 2003, the Committee gave its approval for the shareholder to invest, beyond the abovementioned amount, an additional \$ 60 million in the Company. In the opinion of the Company's management, the total amount of investment approved by the Committee covers the principal shareholder's proportionate share in the interim facility as well as his proportionate share under the amendment agreement.

DBS SATELLITE SERVICES (1998) LTD.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)
AS OF JUNE 30, 2003

3. The Company's financial position (continued):

- d) The Continuation of the Company's activity depends on the execution of the amendment agreement as explained in section b above, and the receipt of additional loans from shareholders.

The Company's management believes that there is a good chance that the aforementioned suspending conditions will be met, that the amendment agreement will come into effect and that arrangements will be made for the financing resources required for the coming year.

4. Contingent liabilities

- a) On December 3, 2002, an application for the approval of a class action against the Company, the Cable and Satellite Broadcast Council and the Ministry of Communications was filed in connection with the broadcasts of Sports Channel 5+. The applicants allege that the broadcasts of Channel 5+ contravene the terms stipulated in the Council's approval for its broadcasts, by draining Channel 5 of content in contravention of the aforementioned approval. The applicants accuse the Company of alleged deceit, breach of contractual obligations of trust and good faith, fundamental breach of the contract between the Company and its customers, and unjust enrichment. In respect of the above, the applicants estimate that the action amounts to NIS 126 million as of the date of submitting the claim, with a further NIS 10.5 million being added for every month between the date the claim was submitted until the judgment date.

The Company has submitted its response to the application, requesting that the application be rejected in limine or, alternatively, that the underlying claim or the application for its approval as a class action be rejected.

In the opinion of the Company's legal counsel, it is difficult at this stage to estimate the chances of the claim being approved as a class action, and - if it is so approved - what the chances are of its success. Therefore, no provision has been made in respect of this action.

- b) On March 25, 2003, an application was filed with the District court for the approval of a claim as a class action. The claim relates to the imposition of the cost of the electricity required for the operation of satellite dishes on the tenants of the building in which the dish was installed. The group of claimants includes all the buildings on which satellite dishes have been installed.

The action is for declaratory relief, requiring the Company to pay for the electricity usage of the devices installed by the Company and/or on its behalf on various premises, and to reimburse the claimants all the monies paid by them in respect of the electricity usage of the Company's devices and to compensate and/or indemnify the claimants in respect of such amounts. The estimated amount of damages the reimbursement of which is demanded is NIS 25 million.

In the opinion of the Company's legal counsel, it is difficult at this stage to estimate the chances of the claim being approved as a class action, and - if it is so approved - what the chances are of its success. Therefore, no provision was made in respect of this action.

DBS SATELLITE SERVICES (1998) LTD.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)
AS OF JUNE 30, 2003

4. Contingent liabilities (continued):

- c) The Company has a dispute with ICP Israel Cable Programming Co. Ltd (hereafter - ICP) regarding a debt. The dispute was referred to arbitration.

In December 2002, ICP filed a claim with the arbitrator for NIS 11,065,000, with the addition of linkage differences and interest until payment date.

In the opinion of the Company's legal counsel, the outcome of the claim cannot be estimated at this stage. Therefore, no provision was included in respect of this claim, over and above the amount included in ICP's supplier account in respect of this claim.

5. The Company capitalizes costs of installation of broadcasting and receiving equipment to fixed assets. The costs of installation in apartments are amortized based on an estimate of the average term of engagement with customers. The costs of installation on condominium buildings are amortized based on the estimated useful life of the installation costs.

In the first quarter of 2003, the Company completed a reassessment of the estimate of the average term of engagement with subscribers. Based on this reassessment, market conditions and the experience gained by the Company, commencing 2003, costs relating to installation in apartments are now amortized at the rate of 17%.

In addition, during the first quarter of 2003, the Company completed an engineering review of the estimated useful life of costs of installation on condominium buildings. Based on this engineering review, commencing 2003, costs of installation as above are now amortized at the rate of 6.7%.

The abovementioned changes increased the depreciation expense for the 6 month and 3 month periods ended June 30, 2003 by approximately adjusted NIS 17 million and approximately adjusted NIS 8.5 million, respectively.

6. Composition of other expenses:

	6 months ended June 30, 2003	3 months ended June 30, 2003	Year ended December 31, 2002
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
<u>I n t h o u s a n d s</u>			
Advances on account of disallowed expenses in respect of previous years	2,647		
Provision for impairment of installation equipment			20,942
Other	<u>1,766</u>	<u>1,766</u>	<u>64</u>
	<u>4,413</u>	<u>1,766</u>	<u>21,006</u>

DBS SATELLITE SERVICES (1998) LTD.

NOTES TO CONDENSED FINANCIAL STATEMENTS

(Unaudited)

AS OF JUNE 30, 2003

7. As prescribed by Accounting Standards Nos. 12 and 17 of the IASB, the adjustment of financial statements for the effects of inflation will be discontinued as from January 1, 2004. The inflation-adjusted amounts as of December 31, 2003 will be the base for the nominal-historical financial reporting in the following periods. Accounting Standard No. 13, which will come into effect concurrently with the abovementioned standards, will supersede Clarifications Nos. 8 and 9 to Opinion 36.
8. Data regarding the changes in the exchange rate of the U.S. dollar (hereafter - the dollar) and in the consumer price index:

	<u>Exchange rate of the dollar</u>	<u>Consumer price index</u>
Six months ended June 30:		
2003	-8.97%	-0.51%
2002	8.0%	6.3%
Three months ended June 30:		
2003	-8.0%	-1.28%
2002	2.2%	3.8%
Year ended December 31, 2002	7.3%	6.5%

