

MEASAT GLOBAL BERHAD
(2866-T)
INCORPORATED IN MALAYSIA
QUARTERLY REPORT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2005

Announcement

The Board of Directors of MEASAT Global Berhad ("MEASAT Global" or "Company") hereby announces the following unaudited consolidated results for the second quarter and half year ended 30 June 2005 which should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2004.

Unaudited Condensed Consolidated Income Statements

	Note	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		<u>QUARTER</u> <u>ENDED</u> <u>30/6/2005</u> <u>RM'000</u>	<u>QUARTER</u> <u>ENDED</u> <u>30/6/2004</u> <u>RM'000</u>	<u>PERIOD</u> <u>ENDED</u> <u>30/6/2005</u> <u>RM'000</u>	<u>PERIOD</u> <u>ENDED</u> <u>30/6/2004</u> <u>RM'000</u>
Revenue	8	32,599	31,838	64,515	63,978
Cost of services		(17,618)	(18,733)	(33,769)	(37,558)
Gross profit		14,981	13,105	30,746	26,420
Other operating income		503	475	1,024	835
Selling and administrative expenses		(9,276)	(6,704)	(18,385)	(14,463)
Profit from operations	8	6,208	6,876	13,385	12,792
Finance cost		(3,978)	(2,955)	(7,809)	(5,971)
Profit from ordinary activities before taxation		2,230	3,921	5,576	6,821
Taxation	17	(73)	(1,341)	(132)	(2,360)
Profit after taxation		2,157	2,580	5,444	4,461
Earnings per share:		Sen	Sen	Sen	Sen
- Basic	25	0.55	0.66	1.40	1.14

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Unaudited Condensed Consolidated Balance Sheet

	Note	AS AT 30/6/2005 (Unaudited) RM'000	AS AT 31/12/2004 (Audited) RM'000
NON-CURRENT ASSETS			
Property, Plant and Equipment		882,262	860,197
Goodwill on Consolidation		1,186,589	1,186,589
		<u>2,068,851</u>	<u>2,046,786</u>
CURRENT ASSETS			
Trade and Other Receivables		26,010	20,559
Deposits with Licensed Banks		55,385	60,147
Cash and Bank Balances		23,838	16,439
		<u>105,233</u>	<u>97,145</u>
CURRENT LIABILITIES			
Trade and Other Payables		25,710	17,124
Taxation		621	619
		<u>26,331</u>	<u>17,743</u>
NET CURRENT ASSETS		78,902	79,402
NON-CURRENT LIABILITIES			
Borrowings	21	624,693	608,628
Deferred Tax Liability	17	40,956	40,900
		<u>665,649</u>	<u>649,528</u>
		<u>1,482,104</u>	<u>1,476,660</u>
CAPITAL AND RESERVES			
Share Capital		304,148	304,148
Reserves			
General Reserves		15,899	15,899
Merger Reserve		554,802	554,802
Retained Earnings		607,255	601,811
		<u>1,482,104</u>	<u>1,476,660</u>
		RM	RM
Net Tangible Assets per Share (NTA)		<u>0.76</u>	<u>0.74</u>

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Unaudited Condensed Consolidated Statement of Changes in Equity

	Issued and fully paid ordinary shares of RM0.78		Non- distributable	Distributable		Total
	Number of shares	Nominal value	Merger reserve	General reserves	Retained earnings	
	('000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
Period ended 30/6/2005						
Balance as at 1/1/2005	389,933	304,148	554,802	15,899	601,811	1,476,660
Profit after taxation	-	-	-	-	5,444	5,444
Balance as at 30/6/2005	<u>389,933</u>	<u>304,148</u>	<u>554,802</u>	<u>15,899</u>	<u>607,255</u>	<u>1,482,104</u>
Period ended 30/6/2004						
Balance as at 1/1/2004	389,933	304,148	554,802	15,899	587,765	1,462,614
Profit after taxation	-	-	-	-	4,461	4,461
Balance as at 30/6/2004	<u>389,933</u>	<u>304,148</u>	<u>554,802</u>	<u>15,899</u>	<u>592,226</u>	<u>1,467,075</u>

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Unaudited Condensed Consolidated Cash Flow Statement

	CUMULATIVE QUARTER	
	Period Ended 30/6/2005 RM'000	Period Ended 30/6/2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after taxation	5,444	4,461
Adjustments for non-cash flow:		
Depreciation of property, plant and equipment	29,277	28,244
Write down of property, plant and equipment	435	-
Taxation	132	2,360
Interest income	(1,011)	(822)
Finance cost	7,809	5,971
	42,086	40,214
Increase in trade and other receivables	(5,406)	(13,227)
Decrease in long term trade receivable	-	4,845
Increase/(decrease) in trade and other payables	3,709	(382)
	40,389	31,450
Interest income received	988	842
Interest expense paid	(17,794)	(9,565)
Taxation paid	(292)	(9)
	23,291	22,718
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(34,514)	(102,484)
	(34,514)	(102,484)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from drawdown of borrowings	13,860	98,178
	13,860	98,178
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,637	18,412
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	76,586	67,118
CASH AND CASH EQUIVALENTS AT END OF PERIOD	79,223	85,530

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**PART B – Explanatory Notes in Compliance with Listing Requirements of Bursa Malaysia Securities Berhad
Under Part A of Appendix 9B**

1. Basis of preparation

The quarterly condensed financial report of MEASAT Global and its subsidiaries (the “Group”) has been prepared in accordance with:

- i) Financial Reporting Standards (“FRS”) 134 - Interim Financial Reporting; and
- ii) Paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements.

The quarterly condensed financial report should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2004. The accounting policies adopted for the quarterly condensed financial report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2004.

2. Qualification of preceding annual financial statements

There was no audit qualification to the preceding annual audited financial statements of the Group.

3. Seasonal / cyclical factors

The operations of the Group were not affected by seasonality and cyclical factors during the quarter under review.

4. Unusual items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the quarter under review.

5. Material changes in estimates of amounts reported

There were no changes in estimates of amounts reported in prior financial years that had a material effect in the quarter under review.

6. Movements in debt and equity securities

During the quarter under review, there were no issuances, repurchases, resale and repayments of debt and equity securities.

7. Dividends paid

There were no dividends paid during the current quarter ended 30 June 2005.

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Under Part A of Appendix 9B**

8. Segment results and reporting

The main business segment of the Group is the satellite network operations of a subsidiary company, MEASAT Satellite Systems Sdn Bhd (“MSS”) (formerly known as Binariang Satellite Systems Sdn Bhd) and investment holding. Segmental reporting for the current quarter and for the half year is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/6/2005 RM'000	QUARTER ENDED 30/6/2004 RM'000	PERIOD ENDED 30/6/2005 RM'000	PERIOD ENDED 30/6/2004 RM'000
<u>Revenue</u>				
Satellite network operations	32,599	31,838	64,515	63,978
Other operations	-	-	-	-
	32,599	31,838	64,515	63,978
<u>Segment Results</u>				
Satellite network operations	5,963	6,714	12,864	12,473
Other operations	(251)	(306)	(490)	(503)
Segment total	5,712	6,408	12,374	11,970
Interest income	496	468	1,011	822
Profit from operations	6,208	6,876	13,385	12,792

9. Valuations of property, plant and equipment

There were no revaluations of property, plant and equipment during the quarter ended 30 June 2005. As at 30 June 2005, all property, plant and equipment were stated at cost less accumulated depreciation.

10. Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the quarter.

11. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter.

12. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at the date of this quarterly report.

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Under Part A of Appendix 9B**

13. Capital commitments

Capital commitments for property, plant and equipment not provided for in the financial statements as at 30 June 2005 are as follows:

	RM'000
Approved and contracted for	161,390
Approved but not contracted for	<u>2,480</u>
	<u>163,870</u>

14. Review of Performance

(A) Review of performance of the current quarter (“2Q 2005”) against the immediate preceding quarter (“1Q 2005”).

The Group’s revenue for the quarter under review increased by RM680,000 compared to the preceding quarter, from RM31.9 million in 1Q 2005 to RM32.6 million in 2Q 2005. During this period, the Group signed new contracts with three customers from Cambodia and Singapore for satellite capacity and value added services (“VAS”) and renewed contracts with three additional customers.

The Group’s profit from operations decreased by RM970,000 over the period, from RM7.2 million in 1Q 2005 to RM6.2 million in 2Q 2005. This primarily resulted from an increase in operating overheads, substantially related to the introduction of VAS.

The Group’s profit before taxation decreased from RM3.3 million in 1Q 2005 to RM2.2 million in 2Q 2005. The decrease of RM1.1 million was due to a reduction in profit from operations and an increase in finance cost of RM150,000 arising from higher interest rates. The Group’s profit after taxation also decreased from RM3.3 million to RM2.2 million over the same period.

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Under Part A of Appendix 9B**

(B) Review of performance of the current year-to-date (“YTD 2Q 2005”) against the preceding year-to-date (“YTD 2Q 2004”).

The Group recorded an increase in revenue of RM540,000 year to date, from RM64.0 million in YTD 2Q 2004 to RM64.5 million in YTD 2Q 2005.

Over the period, the Group’s profit from operations increased by RM590,000, from RM12.8 million YTD 2Q 2004 to RM13.4 million YTD 2Q 2005. The increase included lower in-orbit insurance of RM4.19 million offset by higher other operating expenses of RM4.14 million attributable to one time relocation costs, increased travel cost in connection to MEASAT-3 activities and other business development activities.

The Group’s profit before taxation reduced from RM6.8 million YTD 2Q 2004 to RM5.6 million YTD 2Q 2005. The reduction in profit before taxation was due to increased finance costs of RM1.8 million, partially offset by the increase of profit from operations. Profit after taxation improved by RM980,000 from RM4.5 million in YTD 2004 to RM5.4 million in YTD 2Q 2005 due to a lower deferred taxation of RM2.3 million over the same period as timing differences reversed.

(C) Review of performance of the current quarter (“2Q 2005”) against the corresponding preceding quarter (“2Q 2004”).

The Group’s profit from operations for the current quarter fell by RM670,000 against the corresponding preceding quarter, from RM6.9 million in 2Q 2004 to RM6.2 million in 2Q 2005. The reduction was the result of higher selling and administrative expenses of RM2.6 million, partially offset by an increase in gross profit of RM1.9 million. The improvement in gross profit was attributed to the increase in revenue of RM760,000 and a reduction in direct costs of RM1.1 million.

15. Prospects relating to financial year 2005

The high utilization rates on the MEASAT-1 and MEASAT-2 satellites are expected to continue for the remainder of the year. The Group will continue to focus on supporting the growth of its existing customers, controlling costs, and preparing for the availability of new satellite capacity with the launch of MEASAT-3, expected end 2005. The Group will also continue to invest in a range of VAS to support the future growth of the core business.

Barring any unforeseen circumstances, the Board of Directors expects the performance of the Group for the year 2005 to be satisfactory.

16. Variance to profit forecast

Not applicable.

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**PART B – Explanatory Notes in Compliance with Listing Requirements of Bursa Malaysia Securities Berhad
Under Part A of Appendix 9B**

17. Taxation

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>QUARTER</u>	<u>QUARTER</u>	<u>PERIOD</u>	<u>PERIOD</u>
	<u>ENDED</u>	<u>ENDED</u>	<u>ENDED</u>	<u>ENDED</u>
	<u>30/6/2005</u>	<u>30/6/2004</u>	<u>30/6/2005</u>	<u>30/6/2004</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>In respect of current period:</u>				
income tax	(38)	(36)	(76)	(73)
deferred taxation	(35)	(1,305)	(56)	(2,287)
	<u>(73)</u>	<u>(1,341)</u>	<u>(132)</u>	<u>(2,360)</u>

The current income tax of the Group is in relation to a tax charge on rental income and interest income. There is no taxation charge in respect of business income due to the utilisation of unabsorbed capital allowances. The tax savings for the quarter ended 30 June 2005 arising from the utilisation of the unabsorbed capital allowances amounted to RM11.2 million.

The deferred tax liability is in respect of a subsidiary. The subsidiary has unutilised Investment Allowance (“IA”) estimated at RM688.1 million at the end of the current quarter, accorded by way of a tax incentive under Schedule 7B of the Income Tax Act, 1967. The IA can be utilised against future statutory business income of the subsidiary arising from its existing satellites. As a consequence thereof, the RM41.0 million deferred taxation liability provided for in the Group as at 30 June 2005 will not materialise as the IA will be utilised against future statutory business income. Notwithstanding this, the amount of RM41.0 million has been taken up as deferred tax liability in the financial statements as FRS 112 - Income Taxes, does not allow the recognition of deferred tax benefits of IA.

18. Profit/(loss) on sales of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties during the quarter under review.

19. Quoted securities

There were no quoted securities acquired or disposed during the quarter under review.

20. Status of corporate proposal announced

There were no corporate proposals announced but not completed at the date of issue of this quarterly report.

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**PART B – Explanatory Notes in Compliance with Listing Requirements of Bursa Malaysia Securities Berhad
Under Part A of Appendix 9B**

21. Group borrowings

The details of Group borrowings as at 30 June 2005 are as follows:

	AS AT 30/6/2005 RM'000	AS AT 31/12/2004 RM'000
<u>Non current liability</u>		
Syndicated Loan Facilities	624,693	608,628

The Syndicated Loan Facilities represent an equivalent sum of RM642.2 million drawdown from the total available funding of USD250 million (approximately RM950 million), less unamortised costs of RM17.5 million.

The Syndicated Loan Facilities are secured against assets of a subsidiary and a corporate guarantee from the Company.

22. Off balance sheet financial instruments

The Group manages its exposure to market rate movements on its financial liability through the use of the derivative financial instruments which includes interest rate and cross currency swap agreements.

The details of the derivative financial instruments that the Group has entered into are as follows:

Off-balance sheet instruments which were entered into by MSS based on the underlying liability of the Group's borrowings which consist of USD250 million Syndicated Loan Facilities:

- a) Interest rate swap ("IRS")

IRS agreements with a total notional principal of USD95 million to mitigate the risks of interest rate fluctuations.
- b) Cross currency swap ("CCS")

CCS agreements with total notional principal of RM130 million to hedge local currency borrowings to mitigate the foreign currency exchange risks.

All the above financial instruments were executed with creditworthy financial institutions with a view to limiting the credit risk exposure of the Group.

23. Changes in material litigation

There were no material litigation matters dealt with during the period or pending as at the date of this quarterly report.

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Under Part A of Appendix 9B**

24. Dividends

No dividends have been recommended or declared for the current quarter ended 30 June 2005.

25. Earnings per share

Basic earnings per share of the Group are calculated by dividing the net profit for the current quarter by the number of ordinary shares in issue during the current quarter.

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>QUARTER ENDED 30/6/2005</u>	<u>QUARTER ENDED 30/6/2004</u>	<u>PERIOD ENDED 30/6/2005</u>	<u>PERIOD ENDED 30/6/2004</u>
Net profit for the quarter/year (RM'000)	2,157	2,580	5,444	4,461
Weighted average number of ordinary shares in issue ('000)	389,933	389,933	389,933	389,933
Basic earnings per share (sen)	0.55	0.66	1.40	1.14

By order of the Board

CHUA SOK MOOI
(MAICSA 0777524)
Company Secretary

26 August 2005
Kuala Lumpur