

MEASAT GLOBAL BERHAD
(2866-T)
INCORPORATED IN MALAYSIA
QUARTERLY REPORT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2005

Announcement

The Board of Directors of MEASAT Global Berhad ("MEASAT Global" or "Company") hereby announces the following unaudited consolidated results for the third quarter and nine months ended 30 September 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	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30/9/2005 RM'000	QUARTER ENDED 30/9/2004 RM'000	PERIOD ENDED 30/9/2005 RM'000	PERIOD ENDED 30/9/2004 RM'000
Revenue	8	32,786	32,512	97,301	96,490
Cost of services		(17,260)	(17,700)	(51,029)	(55,258)
Gross profit		15,526	14,812	46,272	41,232
Other operating income		397	525	1,421	1,360
Selling and administrative expenses		(9,045)	(6,928)	(27,430)	(21,391)
Profit from operations	8	6,878	8,409	20,263	21,201
Finance cost		(1,329)	(3,671)	(9,138)	(9,642)
Profit from ordinary activities before taxation		5,549	4,738	11,125	11,559
Taxation	17	(72)	(2,650)	(204)	(5,010)
Profit after taxation		5,477	2,088	10,921	6,549
Earnings per share:		Sen	Sen	Sen	Sen
- Basic	25	1.40	0.54	2.80	1.68

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Unaudited Condensed Consolidated Balance Sheet

	Note	AS AT 30/9/2005 (Unaudited) RM'000	AS AT 31/12/2004 (Audited) RM'000
NON-CURRENT ASSETS			
Property, Plant and Equipment		884,550	860,197
Goodwill on Consolidation		1,186,589	1,186,589
		<u>2,071,139</u>	<u>2,046,786</u>
CURRENT ASSETS			
Trade and Other Receivables		21,215	20,559
Deposits with Licensed Banks		63,102	60,147
Cash and Bank Balances		19,143	16,439
		<u>103,460</u>	<u>97,145</u>
CURRENT LIABILITIES			
Trade and Other Payables		22,858	17,124
Taxation		614	619
		<u>23,472</u>	<u>17,743</u>
NET CURRENT ASSETS		79,988	79,402
NON-CURRENT LIABILITIES			
Borrowings	21	622,549	608,628
Deferred Tax Liability	17	40,997	40,900
		<u>663,546</u>	<u>649,528</u>
		<u>1,487,581</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		612,732	601,811
		<u>1,487,581</u>	<u>1,476,660</u>
		<u>RM</u>	<u>RM</u>
Net Tangible Assets per Share (NTA)		<u>0.77</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 each		Non-distributable	Distributable		Total
	Number of shares	Nominal value	Merger reserve	General reserves	Retained earnings	
	('000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
<u>Period ended 30/9/2005</u>						
Balance as at 1/1/2005	389,933	304,148	554,802	15,899	601,811	1,476,660
Profit after taxation	-	-	-	-	10,921	10,921
Balance as at 30/9/2005	389,933	304,148	554,802	15,899	612,732	1,487,581
<u>Period ended 30/9/2004</u>						
Balance as at 1/1/2004	389,933	304,148	554,802	15,899	587,765	1,462,614
Profit after taxation	-	-	-	-	6,549	6,549
Balance as at 30/9/2004	389,933	304,148	554,802	15,899	594,314	1,469,163

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Unaudited Condensed Consolidated Cash Flow Statement

	CUMULATIVE QUARTER	
	Period Ended	Period Ended
	30/9/2005	30/9/2004
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after taxation	10,921	6,549
Adjustments for non-cash flow:		
Depreciation of property, plant and equipment	44,450	42,376
Write down of property, plant and equipment	435	-
Taxation	204	5,010
Interest income	(1,401)	(1,341)
Finance cost	9,138	9,642
	63,747	62,236
Increase in trade and other receivables	(550)	(5,202)
Decrease in long term trade receivable	-	7,268
Increase/(decrease) in trade and other payables	226	(1,065)
	63,423	63,237
Interest income received	1,557	1,408
Interest expense paid	(27,084)	(17,136)
Taxation paid	(448)	(46)
	37,448	47,463
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(45,649)	(184,287)
	(45,649)	(184,287)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from drawdown of borrowings	13,860	158,574
	13,860	158,574
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,659	21,750
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	76,586	67,118
CASH AND CASH EQUIVALENTS AT END OF PERIOD	82,245	88,868

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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 September 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 nine months ended 30 September 2005 is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/9/2005 RM'000	QUARTER ENDED 30/9/2004 RM'000	PERIOD ENDED 30/9/2005 RM'000	PERIOD ENDED 30/9/2004 RM'000
<u>Revenue</u>				
Satellite network operations	32,786	32,512	97,301	96,490
Other operations	-	-	-	-
	32,786	32,512	97,301	96,490
<u>Segment Results</u>				
Satellite network operations	6,601	8,137	19,465	20,610
Other operations	(113)	(247)	(603)	(750)
Segment total	6,488	7,890	18,862	19,860
Interest income	390	519	1,401	1,341
Profit from operations	6,878	8,409	20,263	21,201

9. Valuations of property, plant and equipment

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

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

On 11 November 2005, MSS entered into contracts with Orbital Sciences Corporation for the purchase of a new satellite (MEASAT-1R), associated equipment and services for a total consideration of USD69.9 million. MEASAT-1R is an Orbital STAR-2 series satellite comprising 12 C and 12 Ku-band transponders with an expected mission life of 15 years. MEASAT 1-R is procured to replace MEASAT-1 and provide additional Ku-band capacity, and will be collated with MEASAT-3 at the orbital location of 91.5°E.

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 September 2005 are as follows:

	RM'000
Approved and contracted for	97,480
Approved but not contracted for	477,650
	<hr/>
	575,130
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14. Review of Performance

(A) Review of performance of the current quarter (“3Q 2005”) against the immediate preceding quarter (“2Q 2005”).

The Group’s revenue for the quarter under review increased marginally by RM188,000 compared to the preceding quarter, from RM32.6 million in 2Q 2005 to RM32.8 million in 3Q 2005. During this period, the Group signed new contracts with three customers from Malaysia, Singapore and Hong Kong for satellite capacity and value added services (“VAS”) and renewed a contract with one additional customer.

The Group’s profit from operations increased by RM670,000 over the period, from RM6.2 million in 2Q 2005 to RM6.9 million in 3Q 2005. This primarily resulted from an increase in revenue, lower direct marketing cost and reduced traveling expenses.

The Group’s profit before taxation increased from RM2.2 million in 2Q 2005 to RM5.5 million in 3Q 2005. The increase of RM3.3 million resulted from the increase in profit from operations and reduction in finance cost due to the unrealized foreign exchange gain of RM3.2 million on our US denominated borrowings. The Group’s profit after taxation rose from RM2.2 million to RM5.5 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 3Q 2005”) against the preceding year-to-date (“YTD 3Q 2004”).

The Group recorded an increase in revenue of RM811,000 year to date, from RM96.5 million in YTD 3Q 2004 to RM97.3 million in YTD 3Q 2005.

Over the period, the Group’s profit from operations decreased by RM938,000, from RM21.2 million YTD 3Q 2004 to RM20.3 million YTD 3Q 2005. The decrease resulted primarily from higher direct marketing cost and operating expenses totaling RM8.0 million offset by lower in orbit insurance of RM6.2 million. The cost increase includes one time relocation costs, increased travel costs in connection with MEASAT-3 and MEASAT-1R activities and other business development activities.

The Group’s profit before taxation reduced from RM11.6 million YTD 3Q 2004 to RM11.1 million YTD 3Q 2005. The reduction in profit before taxation was due to the decrease of profit from operations, partially offset by the lower finance costs of RM504,000 as a result of the unrealized foreign exchange gain on US denominated borrowings. Profit after taxation improved by RM4.4 million, from RM6.5 million in YTD 3Q 2004 to RM10.9 million in YTD 3Q 2005, due to a lower deferred taxation of RM4.8 million over the same period as timing differences reversed.

(C) Review of performance of the current quarter (“3Q 2005”) against the corresponding preceding quarter (“3Q 2004”).

The Group’s profit from operations for the current quarter declined by RM1.5 million against the corresponding preceding quarter, from RM8.4 million in 3Q 2004 to RM6.9 million in 3Q 2005. The reduction was the result of higher selling and administrative expenses of RM2.1 million, partially offset by an increase in gross profit of RM715,000. The improvement in gross profit was attributed to the increase in revenue of RM275,000, and a reduction in direct costs of RM440,000.

The Group’s profit before taxation increased from RM4.7 million in 3Q 2004 to RM5.5 million in 3Q 2005 primarily due to the lower finance costs on the account of the unrealized foreign exchange gain on US denominated borrowings of RM3.2 million.

15. Prospects relating to financial year 2005

The high utilization rates on MEASAT-1 and MEASAT-2 C-band are expected to continue for the remainder of the year. The Group will focus on leasing the remaining Ku-band capacity on MEASAT-2 and to grow the VAS business. The Group is working with the satellite manufacturer and the launch provider to prepare for the launch of MEASAT-3, now expected in 2006.

Having regard for the impact of the unexpected delay of MEASAT-3 on the results for the year, and barring any other unforeseen circumstances, the Board of Directors expects the performance of the Group for the year 2005 to be in line with current expectation.

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16. Variance to profit forecast

Not applicable.

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>30/9/2005</u>	<u>30/9/2004</u>	<u>30/9/2005</u>	<u>30/9/2004</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	(31)	(35)	(107)	(108)
deferred taxation	(41)	(2,615)	(97)	(4,902)
	<u>(72)</u>	<u>(2,650)</u>	<u>(204)</u>	<u>(5,010)</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 September 2005 arising from the utilisation of the unabsorbed capital allowances amounted to RM11.78 million.

The deferred tax liability is in respect of a subsidiary. The subsidiary has unutilised Investment Allowance (“IA”) estimated at RM672.0 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 September 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 September 2005 are as follows:

	AS AT 30/9/2005 RM'000	AS AT 31/12/2004 RM'000
<u>Non current liability</u>		
Syndicated Loan Facilities	622,549	608,628

The Syndicated Loan Facilities represent an equivalent sum of RM639.1 million drawdown from the total available funding of USD250 million (approximately RM945.4 million), less unamortised costs of RM16.53 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.

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Under Part A of Appendix 9B**

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.

24. Dividends

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/9/2005	QUARTER ENDED 30/9/2004	PERIOD ENDED 30/9/2005	PERIOD ENDED 30/9/2004
Net profit for the quarter/year (RM'000)	5,477	2,088	10,921	6,549
Weighted average number of ordinary shares in issue ('000)	389,933	389,933	389,933	389,933
Basic earnings per share (sen)	1.40	0.54	2.80	1.68

By order of the Board

CHUA SOK MOOI
(MAICSA 0777524)
Company Secretary

25 November 2005
Kuala Lumpur