

MEASAT GLOBAL BERHAD
(2866-T)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2006

Announcement

The Board of Directors of MEASAT Global Berhad ("MEASAT Global" or "Company") hereby announces the following unaudited consolidated results for the second quarter ended 30 June 2006.

Unaudited Condensed Consolidated Income Statements

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER	QUARTER	PERIOD	PERIOD
		ENDED	ENDED	ENDED	ENDED
		30.6.2006	30.6.2005	30.6.2006	30.6.2005
		RM'000	RM'000	RM'000	RM'000
Revenue	8	35,282	32,599	69,350	64,515
Cost of services		(16,790)	(17,618)	(33,157)	(33,769)
Gross profit		18,492	14,981	36,193	30,746
Other operating income		1,063	503	1,951	1,024
Selling and administrative expenses		(9,167)	(9,276)	(21,035)	(18,385)
Profit from operations	8	10,388	6,208	17,109	13,385
Finance cost		(3,457)	(3,978)	2,143	(7,809)
Profit from ordinary activities before taxation		6,931	2,230	19,252	5,576
Taxation	17	3,043	(73)	6,339	(132)
Net Profit		9,974	2,157	25,591	5,444
Earnings per share (sen):	25				
- Basic		2.56	0.55	6.56	1.40

The unaudited condensed consolidated income statement should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2005.

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Unaudited Condensed Consolidated Balance Sheet

	AS AT 30.6.2006 (Unaudited) RM'000	AS AT 31.12.2005 (Audited) RM'000
Non-Current Assets		
Property, Plant and Equipment	996,283	904,799
Goodwill	1,186,589	1,186,589
	<u>2,182,872</u>	<u>2,091,388</u>
Current Assets		
Trade and Other Receivables	100,787	27,130
Deposits with Licensed Banks	25,549	36,422
Cash and Bank Balances	58,313	27,772
	<u>184,649</u>	<u>91,324</u>
Current Liabilities		
Other Payables	42,401	23,190
Borrowings (secured and interest bearing)	169,963	51,115
Taxation	565	626
	<u>212,929</u>	<u>74,931</u>
Net Current Assets	(28,280)	16,393
Non-Current Liabilities		
Borrowings (secured and interest bearing)	21 520,669	574,683
Other payable	81,769	-
Deferred Taxation	17 35,104	41,639
	<u>637,542</u>	<u>616,322</u>
	<u>1,517,050</u>	<u>1,491,459</u>
Capital and Reserves		
Share Capital	304,148	304,148
Reserves		
- Merger Reserve	554,802	554,802
- General Reserves	15,899	15,899
- Retained Earnings	642,201	616,610
	<u>1,517,050</u>	<u>1,491,459</u>
	RM	RM
Net Assets per share attributable to ordinary equity holders of the parent	<u>3.89</u>	<u>3.82</u>

The unaudited condensed consolidated balance sheet should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2005.

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Unaudited Condensed Consolidated Statement of Changes in Equity

	Issued and fully paid ordinary shares of RM0.78		Non-distributable Merger reserve	Distributable		Total
	Number of shares	Nominal value		General reserves	Retained earnings	
	('000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Period ended 30/6/2006						
Balance as at 1 January 2006	389,933	304,148	554,802	15,899	616,610	1,491,459
-Net profit for the period	-	-	-	-	25,591	25,591
Balance as at 30 June 2006	389,933	304,148	554,802	15,899	642,201	1,517,050
Period ended 30/6/2005						
Balance as at 1 January 2005	389,933	304,148	554,802	15,899	601,811	1,476,660
-Net profit for the period	-	-	-	-	5,444	5,444
Balance as at 30 June 2005	389,933	304,148	554,802	15,899	607,255	1,482,104

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2005.

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Unaudited Condensed Consolidated Cash Flow Statement

	CUMULATIVE QUARTER	
	Period Ended	Period Ended
	30.6.2006	30.6.2005
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	25,591	5,444
Adjustments for :		
- Depreciation of property, plant and equipment	30,310	29,277
- Write down of fixed assets	-	435
- Taxation	(6,339)	132
- Interest income	(1,061)	(1,011)
- Finance cost	(2,143)	7,809
	<u>46,358</u>	<u>42,086</u>
Decrease/ (increase) in trade and other receivables	8,094	(5,406)
(Decrease)/ increase in trade and other payables	(5,270)	3,709
Net cash from operations	<u>49,182</u>	<u>40,389</u>
-Interest income received	1,076	988
-Interest expense paid	(20,838)	(17,794)
-Taxes paid	(257)	(292)
Net cash flow from operating activities	<u>29,163</u>	<u>23,291</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(83,133)	(34,514)
Proceeds from disposal of Property, Plant and Equipment	205	-
Net cash flow from investing activities	<u>(82,928)</u>	<u>(34,514)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from drawdown of borrowings	73,809	13,860
Increase in debt service reserve accounts	(29,261)	(2,307)
Payment of quarterly commitment fees	(376)	-
Net cash flow from financing activities	<u>44,172</u>	<u>11,553</u>
Net (decrease)/increase in cash and cash equivalents	(9,593)	330
Cash and cash equivalents at beginning of the period	45,149	62,058
Cash and cash equivalents at end of the period	<u>35,556</u>	<u>62,388</u>
Deposits with licensed banks	25,549	55,385
Cash and bank balances	58,313	23,838
	<u>83,862</u>	<u>79,223</u>
Deposit in debt service reserve account	(48,306)	(16,835)
	<u>35,556</u>	<u>62,388</u>

The unaudited condensed consolidated cash flow statement should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2005.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2006

PART A – Explanatory Notes in Compliance with Financial Reporting Standards 134, Paragraph 16

1. Basis of preparation

The quarterly condensed interim 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 interim financial report should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2005. The accounting policies adopted for the quarterly condensed interim financial report as at 30 June 2006 are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2005 except for the adoption of the following new and revised FRS issued by the Malaysian Accounting Standards Board that are effective for the Group for the financial period beginning 1 January 2006:

FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Presentation of Discontinued Operations
FRS 101	Presentations of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The adoption FRS 5, 102, 108, 110, 127, 132 and 133 does not have significant financial impact on the Group. The effects of the changes in accounting policies resulting from the adoption of the other new and revised FRS are discussed below:

(i) FRS 101: Presentations of Financial Statements

The adoption of the revised FRS 101 required the Group to disclose, in the summary of significant accounting policies or other notes, the significant judgements made in the process of applying the Group’s accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(ii) FRS 116: Property, Plant and Equipment

The cost of an item of property, plant and equipment now includes the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is installed or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. There was no impact on opening retained earnings as at 1 January 2006 from adoption of FRS 116.

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PART A – Explanatory Notes in Compliance with Financial Reporting Standards 134, Paragraph 16

1. Basis of preparation (continued)

(iii) FRS 121: The Effects of Changes in Foreign Exchange Rates

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(iv) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The adoption of FRS 3 and the consequential changes to FRS 136 and FRS 138 requires goodwill to be stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units ("CGU") and the carrying amount is tested annually for impairment or more frequently if events of changes in circumstances indicate that it might be impaired. Goodwill impairment is determined by comparing its carrying amount against its recoverable amount in accordance with FRS 136. Any impairment loss is recognised in the income statement and subsequent reversal is not allowed.

There is no change in the Group's current accounting policy on goodwill as the Group already complies with the new requirements. However more disclosures are required in the financial statements in relation to the assumptions and estimates used on the CGU and management's approach in determining the values assigned to the key assumptions.

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 seasonal or 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 2006.

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PART A – Explanatory Notes in Compliance with Financial Reporting Standards 134, Paragraph 16

8. Segment results and reporting

The main business segment of the Group is to provide satellite network operations. Segmental reporting for the current quarter is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/06/2006 RM'000	QUARTER ENDED 30/06/2005 RM'000	PERIOD ENDED 30/06/2006 RM'000	PERIOD ENDED 30/06/2005 RM'000
<u>Revenue</u>				
Satellite operations	35,282	32,599	69,350	64,515
<u>Segment Results</u>				
Satellite operations	9,325	5,705	15,158	12,361
Rental income	445	7	890	13
Interest income	618	496	1,061	1,011
Profit from operations	10,388	6,208	17,109	13,385

9. Valuations of property, plant and equipment

There were no revaluations of property, plant and equipment during the quarter ended 30 June 2006. As at 30 June 2006, 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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PART A – Explanatory Notes in Compliance with Financial Reporting Standards 134, Paragraph 16

13. Capital commitments

Capital commitments for property, plant and equipment not provided for in the financial statements as at 30 June 2006 are as follows:

	RM'000
Approved and contracted for	428,400
Approved but not contracted for	<u>241,400</u>
	<u>669,800</u>

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

14. Review of Performance

(A) Review of performance of the current quarter (“2Q 2006”) against the immediate preceding quarter (“1Q 2006”).

For the quarter under review, revenue for the Group rose by RM1.2 million, or 3.6%, from RM34.1 million in 1Q 2006 to RM35.3 million in 2Q 2006. The increase in revenue was largely due to the full quarter impact of the lease for the remaining Ku-Band capacity on Measat-2 (“M-2”) signed during 1Q 2006. During the quarter, the Group also signed new contracts with three customers from Malaysia and the Philippines for satellite capacity and value added services.

The Group’s profit from operations increased from RM6.7 million in 1Q 2006 to RM10.4 million in 2Q 2006. The increase of RM3.7 million was due to higher revenue of RM1.2 million and lower net operating expenses of RM2.5 million. The improvement in net operating expenses was largely due to lower unrealised foreign exchange translation losses on USD denominated cash deposits, lower professional fees in connection with Measat-3 (“M-3”) and reduced selling and administration expenses.

Profit before taxation decreased from RM12.3 million in 1Q 2006 to RM6.9 million in 2Q 2006. This fall of RM5.4 million was primarily due to lower foreign exchange translation effects on the USD denominated borrowings, which fell from RM9.7 million in 1Q 2006 to RM0.9 million in 2Q 2006, partially offset by the increase in profit from operations. As a result of the above, and taking into account the effects of a reversal in deferred taxation of RM3.1 million and a corporate income tax charge of RM0.1 million in 2Q 2006, the Group’s profit after taxation decreased from RM15.6 million in 1Q 2006 to RM10.0 million in 2Q 2006.

(B) Review of performance of the current year-to-date (“YTD 2Q 2006”) against the preceding year-to-date (“YTD 2Q 2005”).

The Group’s revenue for the year to date increase by RM4.9 million, or 7.5%, from RM64.5 million in YTD 2Q 2005 to RM69.4 million YTD 2Q 2006. The Group’s profit from operations correspondingly increased by RM3.7 million from RM13.4 million in YTD 2Q 2005 to RM17.1 million in YTD 2Q 2006. The increase was due to increased revenue of RM4.9 million, increase other operating income of RM0.9 million, offset by higher operating expenses of RM2.1 million.

Profit before taxation increased by RM13.7 million, from RM5.6 million in YTD 2Q 2005 compared to RM19.3 million in YTD 2Q 2006. The increase in profit before taxation was primarily due to a foreign exchange translation effect of RM10.5 million on the USD denominated borrowings and an increase in profit from operations. After taking into account the reversal in deferred taxation, the Group’s profit after taxation increased from RM5.4 million in YTD 2Q 2005 to RM25.6 million in YTD 2Q 2006.

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

(C) Review of performance of the current quarter (“2Q 2006”) against the corresponding preceding quarter (“2Q 2005”).

The Group’s profit from operations for the current quarter rose by RM4.2 million compared to the corresponding preceding quarter, from RM6.2 million in 2Q 2005 to RM10.4 million in 2Q 2006. The improvement was mainly the result of higher revenue of RM2.7 million and other operating income of RM0.6 million, offset by lower operating expenses of RM0.9 million.

Profit before taxation increased by RM4.7 million from RM2.2 million in 2Q 2005 to RM6.9 million in 2Q 2006. The increase was primarily due to an increase in profit from operations of RM4.2 million and lower net finance costs of RM0.5 million. The lower net finance cost was as a result of unrealised foreign exchange translation gain on US denominated borrowings.

15. Prospects relating to financial year 2006

The high utilization rates on M-1 and M-2 are expected to continue for the remainder of the year. As a result, the Group will continue to focus on improving the level of customer care and growing the Group’s value added services business. Given the recently announced MEASAT-3 launch slot, the Group is also ramping up operations to support the marketing of the new capacity that will be available on this satellite.

Barring any other unforeseen circumstances, the Board of Directors anticipates that the performance of the Group for the year 2006 will be in line with expectations.

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 ENDED 30/06/2006</u>	<u>QUARTER ENDED 30/06/2005</u>	<u>PERIOD ENDED 30/06/2006</u>	<u>PERIOD ENDED 30/06/2005</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	(92)	(38)	(196)	(76)
deferred taxation	3,135	(35)	6,535	(56)
	<u>3,043</u>	<u>(73)</u>	<u>6,339</u>	<u>(132)</u>

The current income tax of the Group is in relation to tax charge on rental income and interest income. There is no taxation charge in respect of business income due to the utilisation of capital allowances and Investment Allowance (“IA”). The tax savings for the quarter ended 30 June 2006 arising from the utilisation of the capital allowances and investment allowance amounted to RM13.6 million.

The deferred tax liability is in respect of a subsidiary. The subsidiary has unutilised IA estimated at RM612.1 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 deferred taxation liability of RM35.1 million provided for in the Group as at 30 June 2006 will not materialise as the IA will be utilised against future statutory business income. Notwithstanding this, the amount of RM35.1 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 the Group's borrowings as at 30 June 2006 are as follows:

	<u>AS AT</u> <u>30/06/2006</u> <u>RM'000</u>	<u>AS AT</u> <u>30/06/2005</u> <u>RM'000</u>
<u>Current liability</u>		
Syndicated Term Loan Facilities	96,463	0
Bridging Loan Facility	73,500	0
<u>Non current liability</u>		
Syndicated Term Loan Facilities	520,669	624,693
Total	<u>690,632</u>	<u>624,693</u>

The Syndicated Term Loan Facilities represent an equivalent sum of RM629.9 million, drawdown from the USD facility of USD150 million and the RM facility of RM380 million, less unamortised costs of RM12.8 million.

The Bridging Loan Facility represents an equivalent sum of RM73.5 million drawdown from the total available funding of USD20 million (approximately RM73.5 million).

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

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

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 a subsidiary based on the underlying liability of the Group's borrowings which consist of Syndicated Term Loan Facilities disclosed in note 21:

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.

24. Dividends

No dividends have been recommended or declared for the current quarter ended 30 June 2006.

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

25. Earnings per share

Basic earnings per share of the Group is 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	QUARTER	PERIOD	PERIOD
	ENDED	ENDED	ENDED	ENDED
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
Net profit for the quarter/period (RM'000)	9,974	2,157	25,591	5,444
Weighted average number of ordinary shares in issue ('000)	389,933	389,933	389,933	389,933
Basic earnings per share (sen)	2.56	0.55	6.56	1.40

By order of the Board

CHUA SOK MOOI
(MAICSA 0777524)
Company Secretary

25 August 2006
Kuala Lumpur