

MEASAT GLOBAL BERHAD
(2866-T)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2007

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 2007.

Unaudited Condensed Consolidated Income Statements

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30.6.2007 RM'000	QUARTER ENDED 30.6.2006 RM'000	PERIOD ENDED 30.6.2007 RM'000	PERIOD ENDED 30.6.2006 RM'000
Revenue	8	48,701	35,282	90,358	69,350
Cost of services		(32,115)	(16,790)	(60,322)	(33,157)
Gross profit		16,586	18,492	30,036	36,193
Other operating income		1,555	1,063	2,746	1,951
Selling and administrative expenses		(9,906)	(9,167)	(20,129)	(21,035)
Profit from operations	8	8,235	10,388	12,653	17,109
Finance cost :					
- Interest and finance charges		(15,466)	(4,337)	(32,095)	(8,399)
- Foreign exchange translation differences		(907)	880	14,225	10,542
(Loss)/profit from ordinary activities before taxation		(8,138)	6,931	(5,217)	19,252
Taxation	17	10,899	3,043	12,497	6,339
Profit for the financial period		2,761	9,974	7,280	25,591
Earnings per share (sen):	26				
- Basic		0.71	2.56	1.87	6.56

The unaudited condensed consolidated income statement should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2006.

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Unaudited Condensed Consolidated Balance Sheet

	AS AT 30.6.2007 (Unaudited)	AS AT 31.12.2006 (Audited)
Note	RM'000	RM'000
Non-Current Assets		
Property, Plant and Equipment	1,302,698	1,189,433
Goodwill	1,186,589	1,186,589
	<u>2,489,287</u>	<u>2,376,022</u>
Current Assets		
Trade and Other Receivables	17,091	22,726
Deposits with Licensed Banks	6,704	8,465
Cash and Bank Balances	78,873	94,369
	<u>102,668</u>	<u>125,560</u>
Current Liabilities		
Other Payables	22 56,263	55,917
Borrowings (secured and interest bearing)	21 75,324	223,154
Taxation	565	565
	<u>132,152</u>	<u>279,636</u>
Net Current Liabilities	(29,484)	(154,076)
Non-Current Liabilities		
Borrowings (secured and interest bearing)	21 665,961	484,876
Other Payables	22 219,144	157,152
Deferred Taxation	17 15,790	28,290
	<u>900,895</u>	<u>670,318</u>
	<u>1,558,908</u>	<u>1,551,628</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	684,059	676,779
	<u>1,558,908</u>	<u>1,551,628</u>
	RM	RM
Net Assets per share attributable to ordinary equity holders of the parent	<u>4.00</u>	<u>3.98</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 2006.

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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)	(RM'000)
Period ended 30/6/2007						
Balance as at 1 January 2007	389,933	304,148	554,802	15,899	676,779	1,551,628
-Profit for the financial period	-	-	-	-	7,280	7,280
Balance as at 30 June 2007	389,933	304,148	554,802	15,899	684,059	1,558,908
Period ended 30/6/2006						
Balance as at 1 January 2006	389,933	304,148	554,802	15,899	616,610	1,491,459
-Profit for the financial period	-	-	-	-	25,591	25,591
Balance as at 30 June 2006	389,933	304,148	554,802	15,899	642,201	1,517,050

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 2006.

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Unaudited Condensed Consolidated Cash Flow Statement

	CUMULATIVE QUARTER	
	Period Ended	Period Ended
	30.6.2007	30.6.2006
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial period	7,280	25,591
Adjustments for :		
- Depreciation of property, plant and equipment	55,488	30,310
- Taxation	(12,497)	(6,339)
- Interest income	(1,407)	(1,061)
- Finance charges	32,095	(2,143)
- Unrealised foreign exchange gain	(7,773)	
	<u>73,186</u>	<u>46,358</u>
Decrease in trade and other receivables	5,560	8,094
Decrease in trade and other payables	(18,534)	(5,270)
Net cash from operations	<u>60,212</u>	<u>49,182</u>
-Interest income received	1,480	1,076
-Taxes paid	(3)	(257)
Net cash flow from operating activities	<u>61,689</u>	<u>50,001</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(85,933)	(83,133)
Proceeds from disposal of property, plant and equipment	-	205
Net cash flow from investing activities	<u>(85,933)</u>	<u>(82,928)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from drawdown of borrowings	29,720	73,809
Decrease in debt service reserve accounts	(17,088)	(29,261)
Interest expense paid	(20,921)	(20,838)
Payment of quarterly commitment fees	(1,812)	(376)
Net cash flow from financing activities	<u>(10,101)</u>	<u>23,334</u>
Net decrease in cash and cash equivalents	(34,345)	(9,593)
Cash and cash equivalents at beginning of the period	54,828	45,149
Cash and cash equivalents at end of the period	<u>20,483</u>	<u>35,556</u>
Deposits with licensed banks	6,704	25,549
Cash and bank balances	78,873	58,313
	<u>85,577</u>	<u>83,862</u>
Deposit in debt service reserve accounts	(65,094)	(48,306)
	<u>20,483</u>	<u>35,556</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 2006.

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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 2006. The accounting policies adopted for the quarterly condensed interim financial report as at 30 June 2007 are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2006 except for the adoption of the following new and revised FRS issued by the Malaysian Accounting Standard Board that are effective for the Group for the financial period beginning 1 January 2007:

- FRS 117 Leases
- FRS 124 Related Party Disclosures

The adoption of these FRS does not have significant financial impact on the Group.

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 2007.

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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 its satellite operations. Segmental reporting for the current quarter is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/06/2007 RM'000	QUARTER ENDED 30/06/2006 RM'000	PERIOD ENDED 30/06/2007 RM'000	PERIOD ENDED 30/06/2006 RM'000
<u>Revenue</u>				
Satellite operations	48,701	35,282	90,358	69,350
<u>Segment Results</u>				
Satellite operations	6,926	9,325	10,153	15,158
Rental income	571	445	1,093	890
Interest income	738	618	1,407	1,061
Profit from operations	8,235	10,388	12,653	17,109

9. Valuations of property, plant and equipment

There were no revaluations of property, plant and equipment during the quarter ended 30 June 2007. As at 30 June 2007, 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.

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

12. Contingent liabilities and contingent assets

On 9 April 2007 and 12 June 2007, the Malaysian Communications and Multimedia Commission (“MCMC”) notified a subsidiary of the Company, MEASAT Satellite Systems Sdn. Bhd. (“MSS”), that it was required to contribute an accumulated amount of RM23.3 million to the Universal Service Provision (“USP”) Fund. MSS had on 27 April 2007 and 27 June 2007 appealed against the decision of the MCMC on the requirement for MSS to contribute to the USP Fund.

The Directors are of the view that no provision for this liability was required in the balance sheet.

13. Capital commitments

Capital commitments for property, plant and equipment not provided for in the financial statements as at 30 June 2007 are as follows:

	RM’000
Approved and contracted for	120,000
Approved but not contracted for	<u>112,300</u>
	<u>232,300</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 2007”) against the immediate preceding quarter (“1Q 2007”).

The Group’s financial performance during the quarter has been primarily impacted by (i) the start of commercial operations of M-3; (ii) the effect of fluctuations in the RM:USD exchange rate on finance cost; and by, (iii) an increase in deferred taxation credits associated with the commissioning of M-3.

As a result of the above, the Group’s profit from operations increased from RM4.4 million in 1Q 2007 to RM8.2 million in 2Q 2007. The increase of RM3.8 million was primarily due to an increase in revenue of RM7.0 million offset by an increase in cost of services of RM3.9 million both largely due to M-3 operations.

The Group’s profit before taxation decreased from RM2.9 million in 1Q 2007 to a loss of RM8.2 million in 2Q 2007. This decrease of RM11.1 million included the effect of a reversal in foreign exchange translation gains on the USD denominated borrowings of RM16.0 million. As a result of the above, and taking into account the effects of a deferred taxation credit of RM10.9 million, the Group’s profit after taxation reduced from RM4.5 million in 1Q 2007 to RM2.8 million in 2Q 2007.

In relation to the above:

- M-3 Operations: M-3 revenue grew from RM8.5 million in 1Q 2007 to RM17.4 million in 2Q 2007. With 2Q 2007 representing the first full quarter of M-3 operations, M-3 cost of services comprised of satellite depreciation and in-orbit insurance increased from RM12.1 million in 1Q 2007 to RM16.9 million in 2Q 2007. Of the 2Q 2007 gross profit of RM16.6 million, M-3 contributed RM0.5 million while M-1 and M-2 contributed RM16.1 million.
- Financing Cost: With the majority of the Group’s debt denominated in USD, the Group continued to be impacted by the movement in the RM:USD exchange rate. A slight depreciation of the RM against the USD during the quarter led to a foreign exchange translation loss of RM0.9 million in 2Q 2007 compared to a foreign exchange translation gain of RM15.1 million during 1Q 2007. This reversal contributed a RM16.0 million reduction in profit before taxation for the quarter. Taking into account the above, M-3 contributed a loss of RM14.9 million to profit before taxation compared to a RM6.8 million profit from M-1 and M-2.
- Deferred Taxation: During the quarter the Group was able to recognize a deferred tax credit of RM10.9 million. This credit is the effect of the reversal of timing differences between depreciation and capital allowance for M-1 and M-2 satellites and the recognition of available tax credits from the M-3 operations to be offset against future taxable income.

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

(B) Review of performance of the current year-to-date (“YTD 2Q 2007”) against the preceding year-to-date (“YTD 2Q 2006”).

With the commencement of commercial operations of M-3 in 1Q 2007, the scale of the Group’s business fundamentally changed over the period. As such, a comparison of performance YTD 2Q 2007 against YTD 2Q 2006 does not provide a like-to-like comparison.

The Group’s profit from operations decreased from RM17.1 million for YTD 2Q 2006 to RM12.7 million for YTD 2Q 2007. The decrease of RM4.4 million was largely due to higher revenue of RM25.8 million from M-3 operations; offset by, a reduction in revenue from the existing satellites of RM4.8 million and an increase in cost of services of RM27.1 million. Cost of services for YTD 2007 included M-3 depreciation charges of RM25.2 million and M-3 in-orbit insurance costs of RM3.7 million.

The Group’s profit before taxation decreased from a profit of RM19.3 million in YTD 2Q 2006 to a loss of RM5.2 million in YTD 2Q 2007. The reduction of RM24.5 million included the result of higher interest and finance charges of RM23.7 million mainly related to M-3 financing offset by a higher foreign exchange translation gain of RM3.7 million on the USD denominated borrowings.

The Group’s profit after taxation reduced from RM25.6 million for YTD 2Q 2006 to RM7.3 million for YTD 2Q 2007. The decrease of RM18.3 million was after accounting for a reversal of timing differences between depreciation and capital allowance on M-1 and M-2 and the recognition of available tax credits from M-3 operations.

(C) Review of performance of the current quarter (“2Q 2007”) against the corresponding preceding quarter (“2Q 2006”).

With the commencement of commercial operations of M-3 in 1Q 2007, the scale of the Group’s business has fundamentally changed over the period. As such, a comparison of performance 2Q 2007 against 2Q 2006 does not provide a like-to-like comparison.

The Group’s profit from operations decreased from RM10.4 million in 2Q 2006 to RM8.2 million in 2Q 2007. The decrease of RM2.2 million was largely the result of higher revenue of RM13.4 million from M-3 operations offset by higher cost of services of RM15.3 million due to the addition of M-3 depreciation of RM14.5 million and in-orbit insurance of RM2.4 million.

Profit before taxation decreased from a profit of RM6.9 million in 2Q 2006 to a loss of RM8.1 million in 2Q 2007. The decrease of RM15.0 million was due to a decrease in profit from operations of RM2.2 million and higher net finance costs of RM12.8 million. The higher net finance cost was as a result of higher interest and finance charges of RM12.4 million related to M-3 and a RM1.6 million reversal in foreign exchange translation loss on the USD denominated borrowings.

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

15. Prospects relating to financial year 2007

2007 is a transitional year for the Group with the commencement of commercial operations of the M-3 satellite and the nominal end of life of the M-1 and M-2 satellites. While the launch of M-3 has improved the underlying profitability of the Group, financial performance will be impacted by an increase in finance and depreciation costs for M-3 ahead of it achieving its full revenue earning capability. Further, with the Group's revenues and finance costs predominantly denominated in USD, the Group's performance will continue to be influenced by the movement in the USD and RM exchange rate.

Barring any unforeseen circumstances, the Group's financial performance for 2007 will be in line with these events.

16. Variance to profit forecast

Not applicable.

17. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER	QUARTER	PERIOD	QUARTER
	ENDED	ENDED	ENDED	ENDED
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
<u>In respect of current period:</u>				
Malaysia income tax				
- Current	(1)	(92)	(3)	(196)
Deferred taxation				
- Current	10,900	3,135	12,500	6,535
	10,899	3,043	12,497	6,339

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 2007 arising from the utilisation of the capital allowances and IA amounted to RM11.7 million.

The deferred tax liability is in respect of a subsidiary. The subsidiary has unutilised IA estimated at RM43.4 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 RM15.8 million provided for in the Group as at 30 June 2007 will not materialise as the IA will be utilised against future statutory business income. Notwithstanding this, the amount of RM15.8 million has been taken up as deferred tax liability in the financial statements as previous FRS 112₂₀₀₄ - Income Taxes, that is still applicable to the Group, does not allow the recognition of deferred tax benefits of IA.

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

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.

21. Borrowings

The details of the borrowings as at 30 June 2007 are as follows:

	<u>AS AT</u> <u>30/06/2007</u> <u>RM'000</u>	<u>AS AT</u> <u>30/06/2006</u> <u>RM'000</u>
<u>Current liability</u>		
Syndicated Term Loan Facilities	69,113	96,463
Export Credit Agency Loan Facility	6,211	0
Bridging Loan Facility	0	73,500
	<u>75,324</u>	<u>169,963</u>
<u>Non current liability</u>		
Syndicated Term Loan Facilities	243,258	520,669
Export Credit Agency Loan Facilities	422,703	0
	<u>665,961</u>	<u>520,669</u>
Total	<u>741,285</u>	<u>690,632</u>

The Syndicated Term Loan Facilities and Export Credit Agency Loan Facilities represent an equivalent sum of RM774.6 million, less unamortised costs of RM33.3 million.

The Syndicated Term Loan Facilities and Export Credit Agency 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. Other payables

Included in other payables are unsecured performance incentives (“PI”) of USD55.7 million (equivalent to RM192.4 million) and a deferred payment of USD12.0 million (equivalent to RM41.5 million), for M-3.

USD44.5 million (equivalent to RM153.7 million) of the PI bears interest at 7% per annum which is payable in arrears commencing 1 January 2007 and the principal is repayable in twenty four (24) equal instalments over a period of 6 years commencing 1 January 2008.

USD11.2 million (equivalent to RM38.7 million) of the PI bears interest at 7% per annum payable in arrears commencing 25 January 2007 and repayable in 60 equal instalments over a period of 15 years.

The deferred payment is interest free and is repayable in a single payment on 11 December 2011.

23. 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 Syndicated Term Loan Facilities disclosed in note 21 are as follows:

a) Interest rate swap (“IRS”)

IRS agreements with a total notional principal of USD65 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.

24. 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.

25. Dividends

No dividends have been recommended or declared for the current quarter ended 30 June 2007.

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

26. Earnings per share

Basic earnings per share of the Group is calculated by dividing the profit for the financial period by the weighted average number of ordinary shares in issue during the current quarter.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER	QUARTER	PERIOD	PERIOD
	ENDED	ENDED	ENDED	ENDED
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
Profit for the financial period (RM'000)	2,761	9,974	7,280	25,591
Weighted average number of ordinary shares in issue ('000)	389,933	389,933	389,933	389,933
Basic earnings per share (sen)	0.71	2.56	1.87	6.56

By order of the Board

CHUA SOK MOOI
(MAICSA 0777524)
Company Secretary

20 August 2007
Kuala Lumpur