

MEASAT GLOBAL BERHAD
(2866-T)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

Announcement

The Board of Directors of MEASAT Global Berhad ("MEASAT Global" or "Company") hereby announces the following unaudited interim consolidated results for the third quarter ended 30 September 2008.

Unaudited Interim Consolidated Income Statements

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30.9.2008	QUARTER ENDED 30.9.2007 (As restated)	PERIOD ENDED 30.9.2008	PERIOD ENDED 30.9.2007 (As restated)
		RM'000	RM'000	RM'000	RM'000
Revenue	8	51,246	50,342	142,530	140,700
Cost of services		(26,907)	(32,421)	(81,745)	(92,743)
Gross profit		24,339	17,921	60,785	47,957
Other operating income		1,122	1,440	3,462	4,186
Selling and administrative expenses :					
- Foreign exchange translation differences		8,033	(798)	6,761	(1,548)
- Others		(10,583)	(9,575)	(31,101)	(28,954)
Profit from operations	8	22,911	8,988	39,907	21,641
Finance cost :					
- Interest and finance charges		(10,239)	(13,895)	(32,129)	(45,990)
- Foreign exchange translation differences		(59,435)	10,277	(48,705)	24,502
(Loss)/Profit from ordinary activities before taxation		(46,763)	5,370	(40,927)	153
Taxation	17	1,962	759	(272)	756
(Loss)/Profit for the financial period		(44,801)	6,129	(41,199)	909
Earnings per share (sen):					
- Basic	26	(11.49)	1.57	(10.57)	0.23

The unaudited interim consolidated income statement should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2007.

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

Unaudited Interim Consolidated Balance Sheet

	AS AT 30.9.2008 (Unaudited) RM'000	AS AT 31.12.2007 (As restated) RM'000
Note		
Non-Current Assets		
Property, Plant and Equipment	1,331,909	1,316,478
Goodwill	1,186,589	1,186,589
	<u>2,518,498</u>	<u>2,503,067</u>
Current Assets		
Trade and Other Receivables	37,798	22,331
Deferred taxation	2,606	2,873
Deposits with Licensed Banks	20,667	15,352
Cash and Bank Balances	93,958	73,332
	<u>155,029</u>	<u>113,888</u>
Current Liabilities		
Other Payables	22 67,233	56,825
Borrowings (secured and interest bearing)	21 163,736	90,287
Taxation	621	621
	<u>231,590</u>	<u>147,733</u>
Net Current Liabilities	(76,561)	(33,845)
Non-Current Liabilities		
Borrowings (secured and interest bearing)	21 696,521	671,035
Other Payables	22 185,108	196,680
	<u>881,629</u>	<u>867,715</u>
	<u>1,560,308</u>	<u>1,601,507</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	685,459	726,658
	<u>1,560,308</u>	<u>1,601,507</u>
	RM	RM
Net Assets per share attributable to ordinary equity holders of the Company	<u>4.00</u>	<u>4.11</u>

The unaudited interim consolidated balance sheet should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2007.

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Unaudited Interim 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 30/9/2008						
Balance as at 1 January 2008 (As previously stated)	389,933	304,148	554,802	15,899	718,495	1,593,344
Change in accounting policy - effects of adopting FRS 112	-	-	-	-	8,163	8,163
Balance as at 1 January 2008 (As restated)	389,933	304,148	554,802	15,899	726,658	1,601,507
-Net profit for the financial period	-	-	-	-	(41,199)	(41,199)
Balance as at 30 September 2008	389,933	304,148	554,802	15,899	685,459	1,560,308
Period ended 30/9/2007						
Balance as at 1 January 2007 (As previously stated)	389,933	304,148	554,802	15,899	676,779	1,551,628
Change in accounting policy - effects of adopting FRS 112	-	-	-	-	31,163	31,163
Balance as at 1 January 2007 (As restated)	389,933	304,148	554,802	15,899	707,942	1,582,791
-Profit for the financial period (As restated)	-	-	-	-	909	909
Balance as at 30 September 2007	389,933	304,148	554,802	15,899	708,851	1,583,700

The unaudited interim consolidated statement of changes in equity should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2007.

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Unaudited Interim Consolidated Cash Flow Statement

	CUMULATIVE QUARTER	
	Period Ended	Period Ended
	30.9.2008 (Unaudited)	30.9.2007 (As restated)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit for the financial period	(41,199)	909
Adjustments for :		
- Depreciation of property, plant and equipment	67,899	85,086
- Taxation	272	(756)
- Interest income	(1,483)	(2,277)
- Interest and finance charges	32,129	45,990
- Unrealised foreign exchange gain	37,941	(17,081)
- Realised foreign exchange gain on borrowings	2,810	6,451
	98,369	118,322
Increase in trade and other receivables	(15,915)	(643)
Decrease in trade and other payables	(1,535)	(25,465)
Net cash from operations	80,919	92,214
-Interest income received	1,491	2,295
-Taxes refund	791	9
Net cash flow from operating activities	83,201	94,518
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(72,835)	(108,954)
Net cash flow used in investing activities	(72,835)	(108,954)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from drawdown of borrowings	41,365	52,500
Increase in debt service reserve accounts	(25,137)	(17,109)
Interest expense paid	(33,707)	(34,567)
Payment of quarterly commitment fees	(533)	(1,875)
Net cash flow used in financing activities	(18,012)	(1,051)
Net decrease in cash and cash equivalents	(7,646)	(15,487)
Currency translation differences	8,450	(1,244)
Cash and cash equivalents at beginning of the period	25,066	54,828
Cash and cash equivalents at end of the period	25,870	38,097
Deposits with licensed banks	20,667	34,281
Cash and bank balances	93,958	68,931
	114,625	103,212
Deposit in debt service reserve accounts	(88,755)	(65,115)
	25,870	38,097

The unaudited interim consolidated cash flow statement should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2007.

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

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

1. Basis of preparation

The quarterly 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 interim financial report should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2007. The accounting policies adopted for the quarterly interim financial report as at 30 September 2008 are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2007 except for the adoption of the following applicable new and revised FRS issued by the Malaysian Accounting Standard Board that are effective for the Group for the financial period beginning 1 January 2008:

- FRS 107 Cash Flow Statements
- FRS 112 Income Taxes
- FRS 118 Revenue
- FRS 134 Interim Financial Reporting
- FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The adoption of FRS 107, FRS 118, FRS 134 and FRS 137 does not have significant financial impact on the Group.

The financial impact of adopting FRS 112 is as follows:

	<u>Before</u> <u>restatement</u> RM’000	Effect of change <u>in policy</u> RM’000	As <u>restated</u> RM’000
<u>Balance sheet</u>			
<u>At 1 January 2007</u>			
Retained earnings	676,779	31,163	707,942
Deferred taxation liability/(asset)	28,290	(31,163)	(2,873)
<u>At 30 September 2007</u>			
Retained earnings	697,088	11,763	708,851
Deferred taxation liability/(asset)	8,890	(11,763)	(2,873)

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

1. Basis of preparation (continued)

	<u>Before restatement</u> RM'000	<u>Effect of change in policy</u> RM'000	<u>As restated</u> RM'000
<u>At 31 December 2007</u>			
Retained earnings	718,495	8,163	726,658
Deferred taxation liability/(asset)	5,290	(8,163)	(2,873)
<u>Income statement</u>			
<u>Period ended 30 September 2007</u>			
Taxation	20,156	(19,400)	756
Net profit for the period	20,309	(19,400)	909

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.

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

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 quarter ended 30 September 2008.

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:

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>QUARTER ENDED 30.09.2008</u>	<u>QUARTER ENDED 30.09.2007</u>	<u>PERIOD ENDED 30.09.2008</u>	<u>PERIOD ENDED 30.09.2007</u>
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Satellite operations	<u>51,246</u>	<u>50,342</u>	<u>142,530</u>	<u>140,700</u>
<u>Segment Results</u>				
Satellite operations	21,892	7,548	36,547	17,701
Rental income	622	570	1,864	1,663
Interest income	397	870	1,483	2,277
Waiver of debt	-	-	13	-
Profit from operations	<u>22,911</u>	<u>8,988</u>	<u>39,907</u>	<u>21,641</u>

9. Valuations of property, plant and equipment

There were no revaluations of property, plant and equipment during the quarter ended 30 September 2008. As at 30 September 2008, 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 quarter ended 30 September 2008.

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12. Contingent liabilities and contingent assets

The Malaysian Communications and Multimedia Commission (“MCMC”) has notified the Group, that it is required to contribute an accumulated amount of RM31.5 million to the Universal Service Provision (“USP”) Fund for the period 2003 to 2006.

The Group has taken advice on the applicability of this requirement and has appealed against MCMC’s decisions that the Group be liable to make payment towards the USP Fund pursuant to the Communications and Multimedia Act 1998 and the USP Regulations.

In view of the opinion received, the Directors are of the view that no provision for this liability is required.

13. Capital commitments

Capital commitments for property, plant and equipment not provided for in the financial statements as at 30 September 2008 are as follows:

	RM’000
Approved and contracted for	90,200
Approved but not contracted for	5,000
	<hr/>
	95,200
	<hr/>

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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 (“3Q 2008”) against the immediate preceding quarter (“2Q 2008”).

The Group’s results for 3Q 2008, as compared to 2Q 2008, were impacted by:

- Continued Growth of M-3 Revenues: During the quarter, the Group recognised the first full quarter of revenue from the Group’s new Indian DTH customer and additional revenue from the continued expansion of the Group’s M-3 C-Band video distribution business.
- Foreign translation differences: During the quarter, the strong appreciation of the USD against the Ringgit led to a foreign exchange translation gain on USD held deposits of RM8.8 million (compared to RM1.4 million in 2Q 2008). The appreciation of the USD also led to a foreign exchange translation loss on USD denominated borrowings of RM59.4 million (compared to a loss of RM21.9 million in 2Q 2008).

As a result of the above, the Group’s revenue increased from RM48.1 million in 2Q 2008 to RM51.2 million in 3Q 2008, while the Group’s profit from operations increased from RM12.7 million to RM22.9 million. Despite the improvements in operational performance, the Group’s profit after tax fell from a loss of RM22.5 million in 2Q 2008 to a loss of RM44.8 million in 3Q 2008 due to foreign exchange translation losses. The loss after tax of RM44.8 million in 3Q 2008 included a foreign exchange translation loss of RM59.4 million on USD denominated borrowings during the period.

With the Group’s financing largely denominated in USD, changes in the USD:Ringgit exchange rate will continue to lead to the recognition of unrealised foreign exchange translation effects on a quarterly basis. Given that the Group’s revenues are also denominated in USD, over the life of the satellite such effects will largely cancel each other out, and will not impact the satellite’s underlying business case.

(B) Review of performance of the current year-to-date (“YTD 3Q 2008”) against the preceding year-to-date (“YTD 3Q 2007”).

A comparison of performance YTD 3Q 2008 against YTD 3Q 2007 reflects the ramp-up of M-3 operations; the re-tasking of M-1/M-2 into new operational roles; and, the full depreciation of M-1 in 4Q 2007.

As a result of the above, the Group’s profit from operations increased from RM21.6 million in YTD 3Q 2007 to RM39.9 million in YTD 3Q 2008. As a result of the appreciation of the USD, however, the Group’s profit before tax fell from a profit of RM0.2 million in YTD 3Q 2007 to a loss of RM40.9 million in YTD 3Q 2008. Over the same period, the Group’s profit after tax fell from a profit of RM0.9 million in YTD 3Q 2007 to a loss of RM41.2 million.

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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 (“3Q 2008”) against the corresponding preceding quarter (“3Q 2007”).

A comparison of performance of 3Q 2008 against 3Q 2007 reflects the impact on the business of the re-configuration of the satellite network and of fluctuations in the USD:Ringgit exchange rate.

As a result of the above, the Group’s profit from operations increased from RM9.0 million in 3Q 2007 to RM22.9 million in 3Q 2008. Despite this increase, the Group’s profit before tax decreased from a profit of RM5.4 million in 3Q 2007 to a loss of RM46.8 million in 3Q 2008, while the Group’s profit after tax decreased from a profit of RM6.1 million to a loss of RM44.8 million over the same period. These changes were largely due to a higher foreign exchange translation loss on USD denominated borrowings.

15. Prospects relating to financial year 2008

With utilization on M-3 now exceeding 85%, 2008 will see the full positive impact of M-3 operations on the Group’s financial results. Barring any unforeseen circumstances, however, the Board expects the financial performance for 2008 to continue to be impacted by the movement of the USD:Ringgit exchange rate where, appreciation of the USD against the Ringgit will positively impact the Group’s revenue while giving a negative impact on the Group’s USD denominated borrowings.

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>ENDED</u> <u>30.09.2008</u> <u>RM'000</u>	<u>QUARTER</u> <u>ENDED</u> <u>30.09.2007</u> <u>RM'000</u> <small>(As restated)</small>	<u>PERIOD</u> <u>ENDED</u> <u>30.09.2008</u> <u>RM'000</u>	<u>PERIOD</u> <u>ENDED</u> <u>30.09.2007</u> <u>RM'000</u> <small>(As restated)</small>
<u>In respect of current period:</u>				
Malaysian income tax				
- Current	(3)	759	(5)	756
Deferred taxation				
- Current	<u>1,965</u>	<u>0</u>	<u>(267)</u>	<u>0</u>
	<u>1,962</u>	<u>759</u>	<u>(272)</u>	<u>756</u>

The current income tax of the Group is in relation to tax charge on rental income. There is no taxation charge in respect of business income due to the utilisation of capital allowances and investment allowances. The tax savings for the quarter ended 30 September 2008 arising from the utilisation of the capital allowances and investment allowances amounted to RM19.5 million.

The taxation for the comparative quarter ended 30 September 2007 has been restated as disclosed in Note 1 of Part A.

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. Borrowings (Secured and interest bearing)

The details of the borrowings as at 30 September 2008 are as follows:

	USD Facilities		RM Facilities RM'000	Total as at 30.09.2008 RM'000
	USD'000	RM'000		
<u>Current liability</u>				
Syndicated Term Loan Facilities	31,862	110,164	28,309	138,473
Export Credit Agency Loan Facilities	7,307	25,263	-	25,263
	39,169	135,427	28,309	163,736
<u>Non current liability</u>				
Syndicated Term Loan Facilities	56,959	196,937	71,078	268,015
Export Credit Agency Loan Facilities	123,935	428,506	-	428,506
	180,895	625,443	71,078	696,521
Total	220,064	760,870	99,387	860,257

The borrowings represent an equivalent sum of RM884.7 million, less unamortised costs of RM24.4 million. These are secured against assets of a subsidiary and a corporate guarantee from the Company.

22. Other payables

	USD'000	Total as at 30.09.2008 RM'000
<u>Current</u>		
Performance incentives	9,877	34,149
	9,877	34,149
<u>Non current</u>		
Performance incentives	41,538	143,618
Deferred payment	12,000	41,490
	53,538	185,108
Total	63,415	219,257

Included in other payables are unsecured performance incentives (“PI”) of USD51.4 million (equivalent to RM177.8 million) and a deferred payment of USD12.0 million (equivalent to RM41.5 million), for M-3.

USD40.8 million (equivalent to RM141 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.

USD10.6 million (equivalent to RM36.7 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.

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

23. Off balance sheet financial instruments

The Group manages its exposure to market rate movements on its financial liability through the use of 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 USD105 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 limit 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 September 2008.

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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. 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 ENDED 30.09.2008	QUARTER ENDED 30.09.2007 (As restated)	PERIOD ENDED 30.09.2008	PERIOD ENDED 30.09.2007 (As restated)
(Loss)/ Profit for the financial period (RM'000)	(44,801)	6,129	(41,199)	909
Weighted average number of ordinary shares in issue ('000)	389,933	389,933	389,933	389,933
Basic earnings per share (sen)	(11.49)	1.57	(10.57)	0.23

By order of the Board

CHUA SOK MOOI
(MAICSA 0777524)
Company Secretary

28 November 2008
Kuala Lumpur