MEASAT GLOBAL BERHAD
(2866-T)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

Announcement

The Board of Directors of MEASAT Global Berhad ('MEASAT Global' or 'Company') hereby announces the following unaudited interim condensed consolidated results for the second quarter ended 30 June 2010.

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30.06.2010	QUARTER ENDED 30.06.2009	**PERIOD ENDED 30.06.2010**	PERIOD ENDED 30.06.2009
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Revenue	8	**69,916**	54,981	**140,384**	109,036
Cost of services		**(33,365)**	(19,520)	**(64,733)**	(41,068)
Gross profit		**36,551**	35,461	**75,651**	67,968
Other operating income		**4,816**	876	**5,771**	1,710
Selling and administrative expenses:					
- Foreign exchange translation differences		**(1,805)**	(3,133)	**(6,217)**	842
- Others		**(13,048)**	(16,867)	**(26,546)**	(28,754)
Profit from operations	8	**26,514**	16,337	**48,659**	41,766
Finance cost:					
- Interest and finance charges		**(7,360)**	(8,756)	**(14,765)**	(17,909)
- Foreign exchange translation differences		**4,815**	32,495	**46,486**	(17,802)
Profit from ordinary activities before taxation		**23,969**	40,076	**80,380**	6,055
Taxation	17	**(5,225)**	(3,048)	**(11,844)**	(10,508)
Profit/(Loss) for the financial period		**18,744**	37,028	**68,536**	(4,453)
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income/(expense) for the period		**18,744**	37,028	**68,536**	(4,453)
Earnings/(Loss)per share (sen):					
- Basic	27	**4.81**	9.50	**17.58**	(1.14)

The unaudited interim condensed consolidated statement of comprehensive income should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2009.

MEASAT GLOBAL BERHAD
(2866-T)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

Unaudited Interim Condensed Consolidated Statement of Financial Position

	Note	AS AT 30.06.2010 (Unaudited) RM'000	AS AT 31.12.2009 RM'000
Non-Current Assets			
Property, Plant and Equipment		**1,302,002**	1,351,997
Prepaid Lease		**1,477**	1,490
Goodwill		**1,186,589**	1,186,589
Derivative Financial Assets	24	**1,377**	-
Deferred Taxation		**305,557**	315,540
		2,797,002	2,855,616
Current Assets			
Trade and Other Receivables		**19,781**	21,182
Derivative Financial Assets	24	**1,940**	-
Deposits with Licensed Banks		**57,241**	37,847
Cash and Bank Balances		**99,247**	101,226
		178,209	160,255
Current Liabilities			
Other Payables	23	**130,414**	133,902
Borrowings (secured and interest bearing)	22	**148,672**	160,598
Derivative Financial Liabilities	24	**2,797**	-
Taxation		**621**	621
		282,504	295,121
Net Current Liabilities		**(104,295)**	(134,866)
Non-Current Liabilities			
Other Payables	23	**131,083**	155,594
Borrowings (secured and interest bearing)	22	**558,399**	635,279
Derivative Financial Liabilities	24	**5,186**	-
		694,668	790,873
		1,998,039	1,929,877
Capital and Reserves			
Share Capital		**304,148**	304,148
Reserves			
- Merger Reserve		**554,802**	554,802
- General Reserves		**15,899**	15,899
- Retained Earnings		**1,123,190**	1,055,028
		1,998,039	1,929,877
		RM	RM
Net Assets per share attributable to ordinary equity holders of the Company		**5.12**	4.95

The unaudited interim condensed consolidated statement of financial position should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2009.

MEASAT GLOBAL BERHAD
(2866-T)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

	Issued and fully paid ordinary shares of RM0.78		Non-distributable	Distributable		
	Number of shares	Nominal value	Merger reserve	General reserves	Retained earnings	Total
	('000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Quarter ended 30/6/2010						
Balance as at 1 January 2010	389,933	304,148	554,802	15,899	1,055,028	1,929,877
Change in accounting policy - effects of adopting FRS 139					(374)	(374)
Balance as at 1 January 2010 (As restated)	389,933	304,148	554,802	15,899	1,054,654	1,929,503
-Total comprehensive income for the period	-	-	-	-	68,536	68,536
Balance as at 30 June 2010	389,933	304,148	554,802	15,899	1,123,190	1,998,039
Quarter ended 30/6/2009						
Balance as at 1 January 2009	389,933	304,148	554,802	15,899	877,474	1,752,323
-Total comprehensive expense for the period	-	-	-	-	(4,453)	(4,453)
Balance as at 30 June 2009	389,933	304,148	554,802	15,899	873,021	1,747,870

The unaudited interim 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 2009.

MEASAT GLOBAL BERHAD
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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

Unaudited Interim Condensed Consolidated Statement of Cash Flows

	CUMULATIVE QUARTER	
	Period Ended 30.06.2010	Period Ended 30.06.2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the financial period	**68,536**	(4,453)
Adjustments for :		
- Depreciation of property, plant and equipment	**51,080**	32,113
- Taxation	**11,844**	10,508
- Interest income	**(936)**	(466)
- Interest and finance charges	**14,765**	17,105
- Unrealised foreign exchange (gain)/loss	**(41,418)**	14,218
- Allowance for doubtful debts	**854**	30
- (Gain)/Loss from disposal of property plant and equipment	**(9)**	71
- Asset written-off	**2**	-
- Amortisation of prepaid lease	**13**	13
	104,731	69,139
Decrease/(Increase) in trade and other receivables	**551**	(6,349)
Increase/(Decrease) in trade and other payables	**(241)**	36,637
Net cash from operations	**105,041**	99,427
-Interest income received	**795**	499
-Taxes paid	**(3)**	(3)
Net cash flow from operating activities	**105,833**	99,923
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(1,229)**	(106,740)
Proceeds from disposal of property, plant and equipment	**157**	-
Net cash flow used in investing activities	**(1,072)**	(106,740)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayments)/drawdown of borrowings	**(57,807)**	21,021
Decrease/(Increase) in debt service reserve accounts	**(5,177)**	15,190
Interest expense paid	**(12,541)**	(17,662)
Payments of non-trade payables	**(14,902)**	(14,189)
Payment of quarterly commitment fees	**(178)**	(398)
Net cash flow used in financing activities	**(90,605)**	3,962
Net increase/(decrease) in cash and cash equivalents	**14,156**	(2,855)
Currency translation differences	**(1,917)**	1,224
Cash and cash equivalents at beginning of the year	**74,357**	30,266
Cash and cash equivalents at end of the year	**86,596**	28,635
Deposits with licensed banks	**57,241**	17,273
Cash and bank balances	**99,247**	109,452
	156,488	126,725
Deposit in debt service reserve accounts	**(69,892)**	(98,090)
	86,596	28,635

The unaudited interim condensed consolidated statement of cash flow should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2009.

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 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 2009. The accounting policies adopted for the quarterly interim financial report as at 30 June 2010 are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2009 except for the adoption of the following new FRSs, amendments to FRSs and Interpretation Committee ("IC") interpretations issued by the Malaysian Accounting Standards Board that are effective for the Group for the financial period beginning 1 January 2010:

FRS 7: Financial Instruments: Disclosures
FRS 8: Operating Segments
FRS 101: Presentations of Financial Statements
FRS 123: Borrowing Costs
FRS 134: Interim Financial Reporting
FRS 136: Impairment of Assets
FRS 139: Financial Instruments: Recognition and Measurement
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
Amendments to FRS contained in document entitled "Improvements to FRSs (2009)"

The adoption of FRS 7, 123, 134, 136, IC Interpretation 9 and 10 does not have a significant impact on the financial statements of the Group. The principal effects of the changes in accounting policies resulting from the adoption of other new and revised FRSs are discussed in the quarterly report for the quarter ended 31 March 2010.

The financial impact of adopting FRS 139 is as follows:

	Before restatement RM'000	Effect of change in policy RM'000	Restated RM'000
Balance sheet At 1 January 2010			
Retained earnings	(1,055,028)	374	(1,054,654)
Derivative financial assets	-	1,921	1,921
Derivative financial liabilities	-	(9,354)	(9,354)
Other payables	(155,594)	5,201	(150,393)
Deferred Tax Assets	315,540	1,858	317,398

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

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 quarter ended 30 June 2010.

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

8. Segment results and reporting

In prior year's audited consolidated financial statements, the basis of segmentation was on a primary format of business segment and a secondary format of geography segment. The new FRS requires a 'management approach', under which segment information is reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The adoption has resulted in an additional disclosure on reconciling the reportable segments' EBITDA to the Group's profit/(loss) before tax has also been disclosed.

Segmental reporting for the current quarter is as follows:

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	QUARTER ENDED 30/6/2010	QUARTER ENDED 30/6/2009	**PERIOD ENDED 30/6/2010**	PERIOD ENDED 30/6/2009
	RM'000	RM'000	**RM'000**	RM'000
Revenue	**69,916**	54,981	**140,384**	109,036
EBITDA	**47,213**	31,531	**93,968**	72,169
(Less)/Add:				
Depreciation	**(25,515)**	(16,070)	**(51,080)**	(32,113)
Other income	**4,816**	876	**5,771**	1,710
Profit from operations	**26,514**	16,337	**48,659**	41,766
Finance cost	**(2,545)**	23,739	**31,721**	(35,711)
Profit/(Loss) from ordinary activities before taxation	**23,969**	40,076	**80,380**	6,055

9. Valuations of property, plant and equipment

There were no revaluations of property, plant and equipment during the quarter ended 30 June 2010. As at 30 June 2010, property, plant and equipment were stated at cost less accumulated depreciation.

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

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

On 28 July 2010, the Board of Directors was served a Notice of Take-over Offer ("Offer") by CIMB Investment Bank Berhad and Maybank Investment Bank Berhad on behalf of MEASAT Global Network Systems Sdn. Bhd. ("MGNS"), a major shareholder of the Company, to acquire all the ordinary shares of RM0.78 each in the Company not already held by MGNS ("Offer Shares") at a cash offer price of RM4.20 per Offer Share ("Notice").

Following the service of the Notice, on the same day, the Board appointed Aminvestment Bank Berhad ("Aminvestment Bank") as Independent Adviser to advise the Independent Directors and holders of the Offer Shares ("Holders") on the reasonableness of the Offer. The appointment of AmInvestment Bank as Independent Adviser was approved by the Securities Commission on 13 August 2010.

The Offer Document from MGNS was posted to all Holders on 27 August 2010.

11. Changes in the composition of the Group

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

12. Contingent liabilities and contingent assets

On 9 April and 12 June 2007, the Malaysian Communications and Multimedia Commission ("MCMC") had 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 potential USP claims for the period 2007 to 2Q 2010, while have yet to be made by MCMC, are estimated to be RM46.1 million.

The Group has taken legal advice on the applicability of this requirement to the Group and has appealed against MCMC's decision that the Group be liable to make payment towards the USP Fund pursuant to the Communications and Multimedia Act 1998 and the USP Regulations. The outcome of the appeal is pending. To date there has been no change to the status.

Taking into account the opinion received, the Directors are of the view that no provision for this potential liability is required to be made.

13. Capital commitments

Capital commitments for property, plant and equipment not provided for in the financial statements as at 30 June 2010 are as follows:

	RM'000
Approved and contracted for	2,701
Approved but not contracted for	7,304
	10,005

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 2010") against the immediate preceding quarter ("1Q 2010").

The Group's 2Q 2010 results, as compared to 1Q 2010, were impacted by:

- The continued growth in the MEASAT-3 / 3a customer base;
- The recognition of USD1.1m other income in settlement of one of the Group's claims against contractors for the delay of the MEASAT-3a ("M3a") launch; and,
- A provision of withholding tax of RM2.39 million.

The Group's results were also impacted by the depreciation of the USD against the Ringgit. Over the period, the depreciation of the USD resulted in (i) a foreign exchange translation loss on USD denominated assets of RM1.8 million (compared to a loss of RM4.4 million in 1Q 2010); and, (ii) a foreign exchange translation gain on USD denominated borrowings and performance incentives of RM4.8 million (compared to a gain of RM41.7 million in 1Q 2010).

The Group's 2Q 2010 results, as compared to 1Q 2010, after the removal of the foreign exchange effect presented in RM and USD are shown below:

Results adjusted to remove impact of movements in USD:RM Exchange Rate

	QUARTER ENDED 30/06/2010	QUARTER ENDED 31/03/2010	**QUARTER ENDED 30/06/2010**	QUARTER ENDED 31/03/2010
	RM'000	RM'000	**USD'000**	USD'000
Revenue	**69,916**	70,468	**21,058**	20,708
Profit from operations	**28,319**	26,557	**8,757**	7,804
Profit before tax	**20,959**	19,152	**6,481**	5,628
Profit after tax	**15,734**	12,533	**4,865**	3,683

During 2Q 2010 the depreciation of the USD increased the Group's earnings by 0.77 sen per share.

The Group will continue to recognise unrealised foreign exchange translation effects on a quarterly basis. Over the life of the satellites, with over 89% of the contracted revenue and 94% of the debts being denominated in USD, the Group operates with a natural hedge against movements in the USD:Ringgit exchange rate.

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

14. Review of Performance (Continued)

(B) Review of performance of the current quarter ("2Q 2010") against the corresponding preceding year quarter ("2Q 2009").

The Group's results for 2Q 2010, as compared to 2Q 2009, were impacted by:

- An increase in revenue of RM14.9 million from the start of commercial operations of M3a;
- A provision of withholding tax of RM2.39 million; and,
- An increase in depreciation charge of RM9.4 million related to M3a.

The Group's results were also impacted by the depreciation of the USD against the Ringgit. Over the period, the depreciation of the USD resulted in (i) a foreign translation loss on USD denominated assets of RM1.8 million (compared to a loss of RM3.1 million in 2Q 2009); and (ii) a foreign translation gain on USD denominated borrowings and performance incentives of RM4.8 million (compared to a gain of RM32.5 million in 2Q 2009).

The Group's 2Q 2010 results, as compared to 2Q 2009, after the removal of this foreign exchange effect presented in RM and USD are shown below:

	QUARTER ENDED 30/06/2010	QUARTER ENDED 30/06/2009	**QUARTER ENDED 30/06/2010**	QUARTER ENDED 30/06/2009
	RM'000	RM'000	**USD'000**	USD'000
Revenue	**69,916**	54,981	**21,058**	15,329
Profit from operations	**28,319**	19,470	**8,757**	5,515
Profit before tax	**20,959**	10,714	**6,481**	3,035
Profit after tax	**15,734**	7,666	**4,865**	2,171

15. Prospects relating to financial year 2010

For the financial year 2010, the Group expects to benefit from the continuing operations of MEASAT-3 ("M3") and AFRICASAT-1 ("A1"); and, the first full year impact of M3a operations.

The Board expects the financial results for 2010 to continue to be impacted by the effect of the changes in the Ringgit:US Dollar exchange rate on the valuation of the Group's US Dollar denominated assets and liabilities.

16. Variance to profit forecast

Not applicable.

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

17. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/6/2010	QUARTER ENDED 30/6/2009	**PERIOD ENDED 30/6/2010**	PERIOD ENDED 30/6/2009
	RM'000	RM'000	**RM'000**	RM'000
In respect of current period:				
Malaysian income tax				
- Current	**(1)**	(1)	**(3)**	(3)
Deferred taxation				
- Current	**(5,224)**	(3,047)	**(11,841)**	(10,505)
	(5,225)	(3,048)	**(11,844)**	(10,508)

The effective tax rate for the quarter ended 30 June 2010 is different from the Malaysian tax rate of 25% due to the tax effects of the foreign exchange translation on USD denominated borrowings in the period.

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. Significant related party disclosures

The immediate holding company is MEASAT Global Network Systems Sdn. Bhd., while the ultimate holding company is MAI Holdings Sdn. Bhd. Both companies are incorporated in Malaysia and ultimately controlled by Ananda Krishnan Tatparanandam (“TAK”).

Certain entities controlled by Usaha Tegas Sdn. Bhd. (“UTSB”) or TAK (collectively “they”) or in which they have a deemed interest or over which they have significant influence, have entered into transactions with the Group. UTSB is ultimately controlled by the trustee of a discretionary trust, the beneficiaries of which are members of the family of TAK and foundations including those for charitable purposes.

Telekom Malaysia Berhad, a major shareholder of the Company, had entered into transactions with the Group during the financial year.

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

21. Significant related party disclosures (continued)

Transactions with the above related parties were contracted in the ordinary course of business and on normal commercial terms. The significant related party transactions are as follows:

	Transactions for the period ended 30/6/2010 RM'000	Balances due from/(to) as at 30/6/2010 RM'000
a. Transponder lease rental charged to:		
- MEASAT Broadcast Network Systems Sdn. Bhd.	58,031	454
- Celestial Movie Channel Ltd	645	60
- Maxis Broadband Sdn. Bhd.	9,740	328
- Communications and Satellite Services Sdn. Bhd.	467	84
- Telekom Malaysia Berhad	4,846	-
b. Rental of land and building charged to:		
- MEASAT Broadcast Network Systems Sdn. Bhd.	1,230	205
c. Management fees charged by:		
- UTSB Management Sdn. Bhd.	840	-

22. Borrowings (Secured and interest bearing)

The details of the borrowings as at 30 June 2010 are as follows:

	Total as at 30/6/2010	RM Facilities	USD Facilities	
	RM'000	RM'000	USD'000	RM'000 equivalent
Current liability				
Syndicated Term Loan Facilities	38,691	10,036	8,797	28,655
Export Credit Agency Loan Facilities	109,981	-	33,762	109,981
	148,672	10,036	42,559	138,636
Non-current liability				
Syndicated Term Loan Facilities	80,811	40,057	12,511	40,754
Export Credit Agency Loan Facilities	477,588	-	146,612	477,588
	558,399	40,057	159,123	518,342
Total	707,071	50,093	201,682	656,978

The borrowings represent an equivalent sum of RM730.7 million, after unamortised costs of RM23.6 million. These are secured against assets of a subsidiary and a corporate guarantee from the Company.

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

23. Other payables

	Total as at 30/6/2010 RM'000
Current liability	
Performance incentives	**26,431**
	26,431
Non current liability	
Performance incentives	**95,894**
Deferred payment	**35,189**
	131,083
Total	**157,514**

Included in other payables are unsecured performance incentives ("PI") of USD37.6 million (equivalent to RM122.3 million) and a deferred payment of USD12.0 million (equivalent to RM35.0 million) for M3, at inception.

USD27.9 million (equivalent to RM90.6 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.

USD9.7 million (equivalent to RM31.7 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.

Disclosure of gains/loss arising from fair value changes of financial liabilities
The interest free deferred payments expose the Group to fair value risk. As at 30 June 2010, fair value loss of RM0.4 million relating to deferred payment is recognised in the Condensed Consolidated Statement of Comprehensive Income within finance costs.

24. Derivative financial instruments

(A) Market risk disclosures

The Group manages its exposure to market risk (including interest rate movements and foreign currency rate movements) on its financial liability through the use of the derivative financial instruments. The Group had entered into Interest Rate Swaps ("IRS") and Cross Currency Rate Swaps ("CCRS") to hedge the fluctuations of interest on borrowings issued at variable rates and USD/RM exchange rate on the RM borrowings. However, if the market rate of the USD/RM exchange rate moves below RM3.4/USD1.0 and interest rate moves below 4.09% per annum, MEASAT will be exposed to fair value risk and the losses shall be recognised in the Condensed Consolidated Statement of Comprehensive Income.

There was no cash movement from the Group to the counterparties when the CCRS and IRS were executed as fees/costs associated with the CCRS and IRS have been incorporated into the exchange rate and interest rate that each of the counterparties charge as part of the CCRS and IRS structure. In addition, there is no cash movement between the Group and CCRS and IRS counterparties due to mark-to-market changes.

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

24. Derivative financial instruments (continue)

(B) Accounting policy

Derivatives are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently re-measured at their fair values at each balance sheet. The changes in fair value are recognised in the Condensed Consolidated Statement of Comprehensive Income, within finance cost, in the period when they arise.

As at 30 June 2010, the Group has the following outstanding derivative financial statements:

Derivatives	Contract/Notional amount RM'000	Fair value RM'000
IRS		
- Less than 1 year	67,412	(2,797)
- 1 year to 3 years	88,676	(4,377)
- Later than 3 years	14,930	(809)
CCRS		
- Less than 1 year	21,190	1,377
- 1 year to 3 years	29,842	1,940

(C) Disclosure of gains/loss arising from fair value changes on derivative financial asset/liabilities

The Group determines the fair value of the derivative financial liabilities relating to the CCRS and IRS using valuation technique which utilises data from recognised financial information sources. Assumptions are based on market conditions existing at each reporting date. The fair value is calculated as the present value of the estimated future cash flow using appropriate market based yield curve.

The fair values of outstanding derivative financial instruments used for hedging purposes as per the table above. The fair value loss of RM8.0 million from IRS and fair value gain of RM3.3 million from CCRS have been included in the Condensed Consolidated Statement of Financial Position. The changes in fair value is classified as non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

During the six months period ended 30 June 2010, the fair value loss of RM0.1 million from CCRS and gain of RM1.7 million from IRS are recognised within finance costs in the Condensed Consolidated Statement of Comprehensive Income.

(D) Credit Risk management Policy

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

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

25. Changes in material litigation

In September 2008, PT Ayunda Prima Mitra ("PT APM") commenced a civil suit in Indonesia against MEASAT Satellite Systems Sdn Bhd ("MEASAT"), the Company's wholly-owned subsidiary, and twelve other parties ("Suit"). Whilst on 17 September 2009, the South Jakarta District Court dismissed the Suit on the grounds that PT APM has no legal standing to bring the action against MEASAT, PT APM has since filed a notice of appeal against the Court's decision. This notice was served on MEASAT on 21 April 2010. On 14 June 2010, PT APM served on MEASAT its Memorandum of Appeal. The appeal process is ongoing.

26. Dividends

No dividends have been recommended or declared for the current quarter ended 30 June 2010.

27. 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 ENDED 30/6/2010	QUARTER ENDED 30/6/2009	**PERIOD ENDED 30/6/2010**	PERIOD ENDED 30/6/2009
Profit/(Loss) for the financial period (RM'000)	**18,744**	37,028	**68,536**	(4,453)
Weighted average number of ordinary shares in issue ('000)	**389,933**	389,933	**389,933**	389,933
Basic earnings/(loss) per share (sen)	**4.81**	9.50	**17.58**	(1.14)

By order of the Board

CHUA SOK MOOI
(MAICSA 0777524)
Company Secretary

27 August 2010
Kuala Lumpur