

Company No.

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MEASAT GLOBAL BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2005

0370A6/maz

Company No.

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MEASAT GLOBAL BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their Report to the members together with the audited financial statements of the Group and Company for the financial year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the Group include the operation of a regional satellite network. There have been no significant changes in the nature of the principal activities of the Group and the Company during the financial year. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

FINANCIAL RESULTS

	<u>Group</u> RM'000	<u>Company</u> RM'000
Net profit/(loss) for the year	<u>14,799</u>	<u>(745)</u>

DIVIDEND

No dividend has been paid or declared by the Company since 31 December 2004. The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2005.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year has been disclosed in the financial statements.

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Datuk Umar bin Haji Abu	
Augustus Ralph Marshall	
Datuk Ramli bin Ibrahim	
Dato' Baharum bin Salleh	(appointed on 19 August 2005)
Dato' Mohd Yahaya bin Mohd Shariff	
(Alternate to Dato' Baharum bin Salleh)	(appointed on 19 August 2005)
Dato' Dr Idris bin Ibrahim	(retired on 22 June 2005)
Ismail bin Saleh	
(Alternate to Dato' Dr Idris bin Ibrahim)	(retired on 22 June 2005)

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MEASAT GLOBAL BERHAD
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DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares and options over shares in or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 6 to the financial statements.

SIGNIFICANT EVENTS

- (a) On 21 March 2003, a subsidiary of the Company, entered into a contract with Boeing Satellite Systems International Inc. ("Boeing") for the purchase of a satellite ("MEASAT-3"). MEASAT-3 was contracted for launch during the launch period May 2005 through November 2005.

As a result of manufacturing delays by Boeing, MEASAT-3 is not expected to be available for launch before the latter half of 2006.

- (b) On 11 November 2005, a subsidiary of the Company entered into contracts with Orbital Sciences Corporation for the purchase of a new satellite, MEASAT -1R ("M1R"), associated equipment and services for a total consideration of USD69.9 million (RM264.2 million).

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of Directors' shareholdings and interests, none of the Directors in office at the end of the financial year held any interest in shares, options over shares and debentures in the Company and its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected so to realise.

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MEASAT GLOBAL BERHAD
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DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

At the date of this Report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this Report, there does not exist:

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in this Report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors,

- (a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this Report is made.

ULTIMATE HOLDING COMPANY

The Directors regard MAI Holdings Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

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MEASAT GLOBAL BERHAD
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DIRECTORS' REPORT (CONTINUED)

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 20 April 2006.



DATUK UMAR BIN HAJI ABU
CHAIRMAN



DATUK RAMLI BIN IBRAHIM
DIRECTOR

Kuala Lumpur

Company No.

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MEASAT GLOBAL BERHAD
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INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
		RM'000	RM'000	RM'000	RM'000
Revenue	5	132,293	129,639	0	0
Cost of services		(68,320)	(72,820)	0	0
Gross profit		63,973	56,819	0	0
Other operating income		3,656	1,861	508	519
Selling and administrative expenses		(35,384)	(23,316)	(1,119)	(897)
Profit/(loss) from operations	6	32,245	35,364	(611)	(378)
Finance cost	8	(15,858)	(13,472)	0	0
Profit/(loss) from ordinary activities before taxation		16,387	21,892	(611)	(378)
Taxation	9	(1,588)	(7,846)	(134)	(139)
Net profit/(loss) for the year		<u>14,799</u>	<u>14,046</u>	<u>(745)</u>	<u>(517)</u>
Earnings per share					
- Basic (sen)	10	<u>3.80</u>	<u>3.60</u>		

The notes on pages 11 to 35 form part of these financial statements.

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MEASAT GLOBAL BERHAD
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BALANCE SHEETS AS AT 31 DECEMBER 2005

	Note	Group		Company	
		2005	2004	2005	2004
		RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	11	904,799	860,197	0	0
Goodwill	12	1,186,589	1,186,589	0	0
Investment in subsidiaries	13	0	0	1,463,395	1,463,395
		<u>2,091,388</u>	<u>2,046,786</u>	<u>1,463,395</u>	<u>1,463,395</u>
CURRENT ASSETS					
Trade and other receivables	14	27,130	20,559	106	43
Deposits with licensed banks	21	36,422	60,147	15,484	18,801
Cash and bank balances	21	27,772	16,439	39	199
		<u>91,324</u>	<u>97,145</u>	<u>15,629</u>	<u>19,043</u>
CURRENT LIABILITIES					
Other payables	15	23,190	17,124	526	3,191
Borrowings (secured and interest bearing)	16	51,115	0	0	0
Taxation		626	619	615	619
		<u>74,931</u>	<u>17,743</u>	<u>1,141</u>	<u>3,810</u>
NET CURRENT ASSETS		16,393	79,402	14,488	15,233
NON-CURRENT LIABILITIES					
Borrowings (secured and interest bearing)	16	574,683	608,628	0	0
Deferred taxation	17	41,639	40,900	0	0
		<u>616,322</u>	<u>649,528</u>	<u>0</u>	<u>0</u>
		<u>1,491,459</u>	<u>1,476,660</u>	<u>1,477,883</u>	<u>1,478,628</u>
CAPITAL AND RESERVES					
Share capital		304,148	304,148	304,148	304,148
Merger reserve	19	554,802	554,802	554,802	554,802
General reserve		15,899	15,899	15,899	15,899
Retained earnings		616,610	601,811	603,034	603,779
		<u>1,491,459</u>	<u>1,476,660</u>	<u>1,477,883</u>	<u>1,478,628</u>

The notes on pages 11 to 35 form part of these financial statements.

MEASAT GLOBAL BERHAD
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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

Group	Issued and fully paid ordinary shares of RM0.78 each		Non-distributable Merger reserve RM'000	Distributable		Total RM'000
	Number of shares '000	Nominal value RM'000		General reserve RM'000	Retained earnings RM'000	
As at 1 January 2004	389,933	304,148	554,802	15,899	587,765	1,462,614
Net profit for the year	0	0	0	0	14,046	14,046
As at 31 December 2004	<u>389,933</u>	<u>304,148</u>	<u>554,802</u>	<u>15,899</u>	<u>601,811</u>	<u>1,476,660</u>
As at 1 January 2005	389,933	304,148	554,802	15,899	601,811	1,476,660
Net profit for the year	0	0	0	0	14,799	14,799
As at 31 December 2005	<u>389,933</u>	<u>304,148</u>	<u>554,802</u>	<u>15,899</u>	<u>616,610</u>	<u>1,491,459</u>

The notes on pages 11 to 35 form part of these financial statements.

MEASAT GLOBAL BERHAD
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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

<u>Company</u>	Issued and fully paid ordinary shares of RM0.78 each		Non- distributable Merger reserve RM'000	Distributable		Total RM'000
	Number of shares '000	Nominal value RM'000		General reserve RM'000	Retained earnings RM'000	
At 1 January 2004	389,933	304,148	554,802	15,899	604,296	1,479,145
Net loss for the year	0	0	0	0	(517)	(517)
As at 31 December 2004	<u>389,933</u>	<u>304,148</u>	<u>554,802</u>	<u>15,899</u>	<u>603,779</u>	<u>1,478,628</u>
At 1 January 2005	389,933	304,148	554,802	15,899	603,779	1,478,628
Net loss for the year	0	0	0	0	(745)	(745)
As at 31 December 2005	<u>389,933</u>	<u>304,148</u>	<u>554,802</u>	<u>15,899</u>	<u>603,034</u>	<u>1,477,883</u>

The notes on pages 11 to 35 form part of these financial statements.

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MEASAT GLOBAL BERHAD
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CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	<u>Group</u>		<u>Company</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit/(loss) for the year	14,799	14,046	(745)	(517)
Adjustments for:				
Depreciation of property, plant and equipment	58,884	56,504	0	0
Finance cost	15,858	13,472	0	0
Interest income	(1,873)	(1,835)	(508)	(519)
Taxation	1,588	7,846	134	139
	<u>89,256</u>	<u>90,033</u>	<u>(1,119)</u>	<u>(897)</u>
Changes in working capital:				
(Increase)/decrease in trade and other receivables	(6,523)	3,412	(58)	35
Decrease long term trade receivable	0	30,780	0	0
Increase/(decrease) in other payables	6,020	(589)	(2,665)	138
Net cash generated from/(used in) operations	<u>88,753</u>	<u>123,636</u>	<u>(3,842)</u>	<u>(724)</u>
Interest income received	1,825	1,873	503	542
Interest paid	(36,472)	(25,306)	0	0
Taxation paid	(842)	(143)	(138)	(136)
Net cash flow from operating activities	<u>53,264</u>	<u>100,060</u>	<u>(3,477)</u>	<u>(318)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(78,178)	(275,661)	0	0
Net cash flow from investing activities	<u>(78,178)</u>	<u>(275,661)</u>	<u>0</u>	<u>0</u>

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MEASAT GLOBAL BERHAD
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CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2005</u> RM'000	<u>2004</u> RM'000	<u>2005</u> RM'000	<u>2004</u> RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in debt service reserve account		(4,517)	(6,214)	0	0
Proceeds from drawdown of borrowings		15,199	186,095	0	0
Commitment and other fees on borrowings		(2,677)	(1,026)	0	0
Net cash flow from financing activities		<u>8,005</u>	<u>178,855</u>	<u>0</u>	<u>0</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS					
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		<u>62,058</u>	<u>58,804</u>	<u>19,000</u>	<u>19,318</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	21	<u><u>45,149</u></u>	<u><u>62,058</u></u>	<u><u>15,523</u></u>	<u><u>19,000</u></u>

The notes on pages 11 to 35 form part of these financial statements.

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MEASAT GLOBAL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Group include the operation of a regional satellite network.

The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and the Company during the financial year.

The Group had 92 employees as at the end of the year (2004: 90). There are no employees in the Company as at the end of the year as it is managed by its wholly owned subsidiary.

The immediate holding company is MEASAT Global Network Systems Sdn. Bhd., and the ultimate holding company is MAI Holdings Sdn. Bhd., both of which are incorporated in Malaysia.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of the Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is:

Level 39, Menara Maxis
Kuala Lumpur City Centre
50088 Kuala Lumpur

The address of the principal place of business of the Company is:

MEASAT Teleport and Broadcast Centre
63000 Cyberjaya
Malaysia

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that the Group effectively manages and minimises the financial risks arising from its business activities, namely foreign exchange, interest rate and credit risks.

(a) Foreign Currency Exchange Risk

The foreign exchange risk of the Group arises primarily from foreign currency transactions conducted in US Dollars. The Group manages its exposure to foreign currency rate fluctuation through foreign exchange contracts and cross currency swap agreements.

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MEASAT GLOBAL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest Rate Risk

The Group is exposed to interest rate risk arising from assets and liabilities bearing variable interest rates. To mitigate interest rate fluctuation, the Group actively monitors the market and endeavour to manage its interest rate exposure via use of derivative instruments such as interest rate swap.

(c) Credit Risk

The Group is exposed to credit risk related losses in the event of non-performance by its customers. The Group controls its credit risks by the application of credit approvals and requires its customers to place security deposits as security for the performance of customers' obligations. Trade receivables are monitored on an ongoing basis.

(d) Liquidity Risk

The Group has cash and bank balances and deposits placed with creditworthy licensed banks and financial institutions. The Company manages its liquidity risks by placing such balances on varying maturities to meet capital requirements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention. The financial statements comply with MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results could differ from those estimates.

MEASAT GLOBAL BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) Basis of consolidation**

Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of are included from the date of acquisition up to the date of disposal.

At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost of acquisition over the fair value of the Group's share of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill on consolidation. See accounting policy Note (n) on goodwill.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets.

(c) Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated based on the straight line method to write off the cost of each asset to its residual values over its estimated useful life. The principal annual depreciation rates used are as follows:

Buildings	2%
Telecommunications equipment	8% - 10%
Office equipment	15%
Furniture and fittings and renovations	15%
Computers	20%- 33%
Motor vehicles	20%

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note (o) on Impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations.

Repairs and maintenance are charged to the income statement during the period in which they are incurred.

(d) Taxation

Current tax expense is determined according to the tax laws of each jurisdiction in which the Company operates and include all taxes based upon the taxable profits including withholding tax payables.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

(e) Foreign currencies

(i) Reporting of currency

The financial statements are presented in Ringgit Malaysia.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into Ringgit Malaysia at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at exchange rates ruling at that date.

Exchange differences arising from the settlement of foreign currency transactions and the translation of foreign currency monetary assets and liabilities are included in the income statement.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currencies (continued)

(iii) Closing rates

The principal closing rates used in translation of foreign currency amounts were as follows:

<u>Foreign currency</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
1 US Dollar ("USD")	RM3.78	RM3.80

(f) Investment in subsidiaries

Subsidiaries are those enterprises in which the Company has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investment in subsidiaries is shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note (o) on impairment of assets.

External costs directly attributable to an acquisition of subsidiary, other than costs of issuing shares and other capital instruments, is included as part of the cost of acquisition.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged / credited to the income statement.

(g) Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand and bank, deposits with licensed banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Revenue recognition

Revenue is recognised upon the performance of services. Amount invoiced in advance of the performance period is recorded as advance billings in the balance sheet.

Other operating income earned by the Group and the Company are recognised on the following bases:

- (i) Interest income is recognised on accrual basis based on prevailing interest rates.**
- (ii) Dividend income is recognised when the right to receive payment is established.**
- (iii) Rental income is recognised on accrual basis in accordance with the substance of the relevant agreements.**

MEASAT GLOBAL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Receivables

Receivables are carried at invoiced amount less an estimate made for doubtful debts based on a review of outstanding amounts at the year end. Bad debts are written off during the financial year in which they are identified.

(j) Financial instruments

(i) Financial instruments recognised on the balance sheet

Financial instruments carried in the balance sheet include cash and bank balances, receivables, payables and borrowings. The particular recognition methods adopted for financial instruments are disclosed in the individual policy statements associated with each item.

(ii) Financial instruments not recognised on the balance sheet

The Group is a party to financial instruments that comprise interest rate and cross currency interest rate swap contracts. These financial instruments are not recognised in the financial statements on inception.

Interest rate and cross currency interest rate swap contracts

Interest rate and cross currency interest rate swap contracts are designed to manage the Group's exposure to protect the Group from movements in interest rates and exchange rates. The notional principal of these contracts are off balance sheet. Any differential to be paid or received on these contracts in relation to borrowings to finance the construction of property, plant and equipment are capitalised as part of the cost of property, plant and equipment. All other gains or losses are recognised as component of interest income or expense over the period of the contract. Gains and losses on early termination of these contracts or on repayment of the borrowing are taken to the income statement.

Fair value estimation for disclosure purposes

In assessing the fair value of financial instruments, the Group make certain assumptions and apply the discounted cash flow method to discount future cash flows to determine the fair value of financial instruments. The fair values of financial liabilities are estimated by discounting future cash flows at current market interest rates available to the Group.

The fair values for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Payables

Trade and other payables, including accruals represent liabilities for goods and services provided to the Group and the Company prior to the end of the financial year and which are unpaid.

(l) Borrowings

(i) Classification

Borrowings are initially recognised based on the proceeds received, net of issue costs incurred. Borrowings are stated at amortised cost using the effective yield method.

Deferred issue cost represents debt establishment costs incurred on securing the Group's borrowing facilities. It is stated at cost and allocated to borrowings upon drawdown, for which the benefits extend to periods beyond the accounting period in which they are incurred. The allocated amounts to borrowings are subsequently amortised to the income statement.

Interest is accrued over the period it becomes due and is recorded as part of other accruals.

(ii) Capitalisation of borrowing cost

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the property, plant and equipment during the period of time that is required to complete and prepare the property, plant and equipment for its intended use. All other borrowing costs are expensed.

(m) Share capital

(i) Classification

Ordinary shares with discretionary dividends are both classified as equity.

(ii) Dividends

Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date but as an appropriation from retained earnings to a 'proposed dividend reserve'. When the dividend is payable, it will be accounted for as a liability.

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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the Group's share of the fair value of their identifiable net assets at the date of acquisition.

Goodwill on consolidation is reported in the balance sheet as a permanent intangible asset in the balance sheet. At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amounts.

(o) Impairment of assets

Property, plant and equipment and other non-current assets, including intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(p) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Post-employment benefit

Defined contribution plan

The Group contributes to the Employees Provident Fund. The Group's contributions to defined contribution plan are charged to income statement in the period to which they relate. Once the contributions have been paid, the Group has no further obligations.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Segment reporting

Segment reporting is presented for enhanced assessment of the Group risk and returns. Business segments provide services that are different from those of other business segments. Geographical statements provide services within a particular economic environment that is subject to risk and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

(r) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight line basis over the lease period.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

4 SEGMENT REPORTING

The business segment of the Group is to provide satellite network operation. Segmental reporting for the financial year is as follows:

(a) Primary reporting format - business segments

Revenue

	<u>2005</u> RM'000	<u>2004</u> RM'000
Satellite operations	132,293	129,639

Results

Satellite operations	28,593	33,504
Rental income	1,779	25
Interest income	1,873	1,835
Profit from operations	32,245	35,364
Finance cost	(15,858)	(13,472)
Profit before taxation	16,387	21,892
Taxation	(1,588)	(7,846)
Profit after taxation	14,799	14,046

There is no inter-segment revenue

Other information

Segment assets

Satellite operations *	2,182,712	2,143,931
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Segment liabilities

Satellite operations	(691,253)	(667,271)
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* Includes goodwill of RM1,186,589,000 (2004 :RM1,186,589,000).

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

4 SEGMENT REPORTING (CONTINUED)

(a) Primary reporting format - business segments (continued)

	<u>2005</u> RM'000	<u>2004</u> RM'000
<u>Capital expenditure</u>		
Satellite operations	<u>(78,178)</u>	<u>(275,661)</u>
<u>Depreciation</u>		
Satellite operations	<u>(58,884)</u>	<u>(56,504)</u>

(b) Secondary reporting format – geographical segment

The Group's business segments operate in 2 main geographical areas shown below, which consists of the rental of satellite transponder lease rentals and related services.

<u>Year ended 31.12.2005</u>	<u>Revenue</u> RM'000	<u>Total assets</u> RM'000	<u>Capital expenditure</u> RM'000
Malaysia	99,475	854,707	78,178
Philippines	10,652	640	0
Other countries	22,166	3,981	0
Unallocated assets*	0	1,323,384	0
	<u>132,293</u>	<u>2,182,712</u>	<u>78,178</u>
<u>Year ended 31.12.2004</u>	<u>Revenue</u> RM'000	<u>Total assets</u> RM'000	<u>Capital expenditure</u> RM'000
Malaysia	97,887	766,390	275,661
Philippines	13,589	0	0
Other countries	18,163	0	0
Unallocated assets*	0	1,377,541	0
	<u>129,639</u>	<u>2,143,931</u>	<u>275,661</u>

* Included in unallocated assets are the net book value of the satellites of RM136,795,000 (2004: RM190,952,000) and goodwill of RM1,186,589,000 (2004: RM1,186,589,000). These satellites are used, or are intended for use, for transmission to multiple geographical areas and therefore cannot be allocated between geographical segments.

In determining the geographical segments of the Group, revenue is based on the country in which the customer is located. There is no inter segment revenue. Total assets and capital expenditure are based on where the assets are located.

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MEASAT GLOBAL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

5 REVENUE

	<u>2005</u>	<u>Group</u> <u>2004</u>
	RM'000	RM'000
Transponder lease rental and related fee	132,293	129,639

6 PROFIT/(LOSS) FROM OPERATIONS

	<u>Group</u>		<u>Company</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) from operations is stated after charging/(crediting):				
Auditors' remuneration				
- statutory audit	87	74	23	21
- others ⁽¹⁾	216	35	216	35
Depreciation of property, plant and equipment	58,884	56,504	0	0
Directors' remuneration				
- fees	147	150	107	110
- other emoluments	57	63	47	47
Rental of building				
- related company	149	596	0	0
- others	135	945	0	0
Rental of motor vehicles				
- related companies	0	98	0	0
- others	34	6	0	0
Interest income	(1,873)	(1,835)	(508)	(519)
Rental income from related companies	(1,779)	(25)	0	0
Allowance for/(write back of) doubtful debts	312	(4,859)	0	0

⁽¹⁾ Fees incurred in connection with performance of quarterly reviews and reviews on new reporting standards.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

7 STAFF COST

	<u>Group</u>	
	<u>2005</u>	<u>2004</u>
	RM'000	RM'000
Salaries, wages and bonus	9,029	8,414
Employees Provident Fund	853	842
Other employee benefits	4,743	3,580
	<u>14,625</u>	<u>12,836</u>

8 FINANCE COST

	<u>Group</u>	
	<u>2005</u>	<u>2004</u>
	RM'000	RM'000
Amortisation of deferred issue cost	2,713	2,679
Commitment fees	1,387	1,026
Interest expense charged by licensed banks	12,529	9,767
Other fees	1,290	0
Unrealised foreign exchange gain	(2,061)	0
	<u>15,858</u>	<u>13,472</u>

9 TAXATION

	<u>Group</u>		<u>Company</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	RM'000	RM'000	RM'000	RM'000
<u>In respect of current year</u>				
Malaysian income tax	849	146	134	139
Deferred tax (Note 17)	739	7,700	0	0
	<u>1,588</u>	<u>7,846</u>	<u>134</u>	<u>139</u>

The current taxation for the Company is in respect of tax charge on interest income and the current taxation for the Group is in respect of rental income and interest income. There is no taxation charge in respect of business income of a subsidiary of the Company due to the utilisation of unabsorbed capital allowances. The tax savings arising from the utilisation of brought forward capital allowances and investment allowances for the Group amounted to RM12,810,000 (2004: RM22,707,000) and RM10,392,000 (2004: RMNil) respectively.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

9 TAXATION (CONTINUED)

The explanation of the relationship between the tax expense and profit from ordinary activities before taxation is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2005</u> %	<u>2004</u> %	<u>2005</u> %	<u>2004</u> %
Numerical reconciliation between the average effective tax rate and the Malaysian tax rate				
Malaysian tax rate	28	28	(28)	(28)
Tax effects of:				
- expenses not deductible for tax purposes	19	8	50	65
- previously unrecognised temporary differences	26	0	0	0
- utilisation of previously unrecognised deferred tax assets arising from investment allowances	(63)	0	0	0
Average effective tax rate	<u>10</u>	<u>36</u>	<u>22</u>	<u>37</u>

As at 31 December 2005, the investment allowances available to a subsidiary of the Company for which the related tax effects have not been included in the financial statements, amount to:

	<u>2005</u> RM'000	<u>2004</u> RM'000
Investment allowances	651,000	688,115

The amount of investment allowances ("IA") available to a subsidiary of the Company are subject to agreement with the tax authorities and the benefits of these allowances will only be obtained if a subsidiary of the Company derives future assessable income of a nature and of an amount sufficient for these allowances to be utilised. As a consequence thereof, the RM41.6 million deferred taxation liability provided for in the Group, including the current deferred tax charge of RM0.7 million, will not materialise as the IA will be utilised against future statutory business income. Notwithstanding this, the amount of RM41.6 million has been taken up as deferred tax liability in the financial statements as Financial Reporting Standards 112 (formerly known as MASB 25 "Income Taxes") does not allow the recognition of deferred tax benefits of IA.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

10 EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year.

	<u>2005</u>	<u>Group</u> <u>2004</u>
Net profit for the year (RM'000)	14,799	14,046
Weighted average number of ordinary shares in issue ('000)	389,933	389,933
Basic earnings per share (sen)	<u>3.80</u>	<u>3.60</u>

11 PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u> <u>RM'000</u>	<u>Accumulated</u> <u>depreciation</u> <u>RM'000</u>	<u>Net book</u> <u>value</u> <u>RM'000</u>
<u>Group</u>			
<u>At 31 December 2005</u>			
Land	7,631	0	7,631
Buildings	76,177	(6,210)	69,967
Telecommunications equipment	680,615	(520,403)	160,212
Office equipment	4,356	(3,129)	1,227
Furniture and fittings and renovations	3,698	(2,600)	1,098
Computers	2,266	(1,494)	772
Motor vehicles	1,231	(532)	699
	<u>775,974</u>	<u>(534,368)</u>	<u>241,606</u>
Capital work-in-progress	663,193	0	663,193
	<u>1,439,167</u>	<u>(534,368)</u>	<u>904,799</u>
<u>At 31 December 2004</u>			
Buildings	27,794	(4,881)	22,913
Telecommunications equipment	660,501	(464,222)	196,279
Office equipment	3,255	(2,971)	284
Furniture and fittings and renovations	3,138	(1,894)	1,244
Computers	1,434	(1,199)	235
Motor vehicles	671	(350)	321
	<u>696,793</u>	<u>(475,517)</u>	<u>221,276</u>
Capital work-in-progress	638,921	0	638,921
	<u>1,335,714</u>	<u>(475,517)</u>	<u>860,197</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Group</u>	As at	<u>Additions</u>	<u>Reclassification</u>	Depreciation	As at
	<u>1.1.2005</u>			<u>the year</u>	<u>31.12.2005</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2005</u>					
<u>Net book value</u>					
Land	0	7,631	0	0	7,631
Buildings	22,913	6,932	41,451	(1,329)	69,967
Telecommunications equipment	196,279	2,089	18,025	(56,181)	160,212
Office equipment	284	1,134	0	(191)	1,227
Furniture and fittings and renovations	1,244	560	0	(706)	1,098
Computers	235	832	0	(295)	772
Motor vehicles	321	560	0	(182)	699
	<u>221,276</u>	<u>19,738</u>	<u>59,476</u>	<u>(58,884)</u>	<u>241,606</u>
Capital work-in-progress	638,921	83,748	(59,476)	0	663,193
	<u>860,197</u>	<u>103,486</u>	<u>0</u>	<u>(58,884)</u>	<u>904,799</u>

Borrowing costs of RM25,308,000 (2004: RM16,297,000) arising from financing specifically entered into for the construction of MEASAT-3 were capitalised during the year and included in "capital work-in-progress".

The buildings situated at Langkawi with a net book value RM22,356,000 (2004: RM22,913,000) are located on a piece of land leased from a third party. The lease agreement pertaining to the land is pending finalisation from relevant authorities.

All property, plant and equipment have been pledged as security for the borrowings as disclosed in Note 16 to the financial statements.

12 GOODWILL

	<u>Group</u>	
	<u>2005</u>	<u>2004</u>
	RM'000	RM'000
<u>Cost</u>		
As at 1 January/31 December	<u>1,186,589</u>	<u>1,186,589</u>

13 INVESTMENT IN SUBSIDIARIES

	<u>Company</u>	
	<u>2005</u>	<u>2004</u>
	RM'000	RM'000
Unquoted shares, at cost	<u>1,463,395</u>	<u>1,463,395</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Group's interest</u>		<u>Principal activities</u>
		<u>2005</u> %	<u>2004</u> %	
<u>Directly held by the Company</u>				
MEASAT Satellite Systems Sdn Bhd ("MSS")	Malaysia	100	100	Satellite network operations
<u>Indirectly held through its subsidiary, MSS</u>				
MEASAT Networks Limited	Bermuda	100	100	Dormant
MEASAT International (L) Ltd	Labuan	100	100	Dormant
MEASAT International (South Asia) Ltd*	Mauritius	100	100	Dormant
<u>Indirectly held through its subsidiary MEASAT International (South Asia) Ltd</u>				
India Malaysia Satellite Company Private Limited *	India	100	0	Dormant

* Not audited by PricewaterhouseCoopers Malaysia.

The investment in subsidiaries indirectly held through a subsidiary of the Company, has been pledged as security for the Facilities as disclosed in Note 16 to the financial statements.

14 TRADE AND OTHER RECEIVABLES

	<u>Group</u>		<u>Company</u>	
	<u>2005</u> RM'000	<u>2004</u> RM'000	<u>2005</u> RM'000	<u>2004</u> RM'000
Trade receivables				
- related companies	10,061	1,820	0	0
- others	7,881	14,423	0	0
	<u>17,942</u>	<u>16,243</u>		
Allowance for doubtful debts	(617)	(305)	0	0
	<u>17,325</u>	<u>15,938</u>	0	0
Other receivables	5,705	2,232	106	43
Prepayments	3,470	1,415	0	0
Deposits	630	974	0	0
	<u>27,130</u>	<u>20,559</u>	<u>106</u>	<u>43</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

14 **TRADE AND OTHER RECEIVABLES (CONTINUED)**

	<u>2005</u>	<u>Group</u> <u>2004</u>
	RM'000	RM'000

The currency exposure profile of trade receivables is as follows:

- Ringgit Malaysia	12,951	4,382
- USD	4,374	11,556
	<u>17,325</u>	<u>15,938</u>

Credit terms of trade receivables range from payment in advance to 30 days credit (2004: 30 days credit).

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers, who are regionally dispersed, and these customers are covered by a broad spectrum of broadcasting and telecommunication services.

The recorded allowance for doubtful debts is adequate based on the Group's historical experience in collection of trade receivables. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

15 **OTHER PAYABLES**

	<u>Group</u>		<u>Company</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	RM'000	RM'000	RM'000	RM'000
Non-trade payables	5,985	69	0	0
Accrued charges	7,535	8,889	526	3,191
Advance billings	5,414	5,696	0	0
Advance payments from customers	1,633	6	0	0
Deposits from customers	2,617	2,464	0	0
Amounts due to related companies	6	0	0	0
	<u>23,190</u>	<u>17,124</u>	<u>526</u>	<u>3,191</u>

	<u>Group</u> <u>2005</u>	<u>Group</u> <u>2004</u>
	RM'000	RM'000

The currency exposure profile of other payables is as follows:

- Ringgit Malaysia	5,080	15,668
- USD	18,110	1,456
	<u>23,190</u>	<u>17,124</u>

Credit terms from non-trade payables and amounts due to related companies of the Group varies from no credit to 30 days credit (2004: 30 days credit).

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

16 BORROWINGS (SECURED AND INTEREST BEARING)

	<u>Group</u>	
	<u>2005</u>	<u>2004</u>
	RM'000	RM'000
Syndicated term loans	625,798	608,628
	<u>625,798</u>	<u>608,628</u>
Following is an analysis of the borrowings by:		
Current		
- not later than 1 year	51,115	0
Non-current		
- later than 1 year but not more than 5 years	530,708	541,003
- later than 5 years	43,975	67,625
	<u>574,683</u>	<u>608,628</u>
	<u>625,798</u>	<u>608,628</u>

The above borrowings are stated net of deferred issue cost of RM14,373,000 (2004:RM18,405,000). The borrowings are repayable in nine equal instalments over a period of 5 years commencing 30 June 2006. On 27 January 2006, a subsidiary of the Company obtained an approval from the lenders for extension of the repayment period of the principal amount, equivalent to RM405,316,000 of the borrowings, from 30 June 2006 to 30 June 2007. Accordingly, this amount is stated as non-current liabilities as at 31 December 2005.

The terms of the borrowings require deposits to be placed in the debt service reserve account with a licensed bank to meet debt servicing requirements as disclosed in Note 21 to the financial statements and to maintain certain financial covenants.

The weighted average interest rate of the borrowings as at the balance sheet date was 5.91% (2004: 4.13%).

The borrowings are secured against certain assets of a subsidiary of the Company and a corporate guarantee from the Company. All property, plant and equipment have been pledged as security for the borrowings as disclosed in Note 11 to the financial statements.

The currency exposure profiles of borrowings are as follows:

	<u>Group</u>	
	<u>2005</u>	<u>2004</u>
	RM'000	RM'000
- Ringgit Malaysia	251,649	244,158
- USD	374,149	364,470
	<u>625,798</u>	<u>608,628</u>

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17 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after the appropriate offsetting, are shown in the balance sheet:

	<u>2005</u> RM'000	<u>Group</u> <u>2004</u> RM'000
Deferred tax assets	175	14,651
Deferred tax liabilities	(41,814)	(55,551)
	<u>(41,639)</u>	<u>(40,900)</u>
As at 1 January	(40,900)	(33,200)
(Charged)/credited to income statement:		
- property, plant and equipment	(822)	(6,730)
- others	83	(970)
	<u>(739)</u>	<u>(7,700)</u>
	<u>(41,639)</u>	<u>(40,900)</u>
<u>Deferred tax assets</u>		
Property, plant and equipment	0	14,559
Others	175	92
Before offsetting	175	14,651
<u>Deferred tax liabilities</u>		
Property, plant and equipment	(41,814)	(55,551)
After offsetting	<u>(41,639)</u>	<u>(40,900)</u>

18 SHARE CAPITAL

	<u>2005</u> '000	<u>2005</u> RM'000	<u>2004</u> '000	<u>Company</u> <u>2004</u> RM'000
<u>Authorised ordinary shares of</u> <u>RM0.78 each:</u>				
As at 1 January/31 December	402,500	313,950	402,500	313,950

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

19 MERGER RESERVE

	<u>Group and Company</u>	
	<u>2005</u>	<u>2004</u>
Number of ordinary shares issued on 8 May 2002	187,433,155	187,433,155
	RM'000	RM'000
Value of ordinary shares issued at RM3.74 each	701,000	701,000
Par value of ordinary shares at RM0.78 each	(146,198)	(146,198)
Merger reserve	554,802	554,802

20 RETAINED EARNINGS

Subject to the agreement of the tax authorities, the Company has sufficient tax credits and exempt profits to frank the payment of future dividends as follows:

Subject to agreement by tax authorities, the Company has sufficient Section 108 tax credits as at 31 December 2005 to frank approximately RM307,757,000 (2004: RM307,409,000) of their retained earnings if paid out as dividends. In addition, the Company also has tax exempt accounts which are available to pay tax exempt dividends up to approximately RM37,993,000 (2004: RM37,993,000).

21 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of the financial year comprise:

	<u>Group</u>		<u>Company</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	36,422	60,147	15,484	18,801
Cash and bank balances	27,772	16,439	39	199
	64,194	76,586	15,523	19,000
Deposit in debt service reserve account (Note 16)	(19,045)	(14,528)	0	0
	45,149	62,058	15,523	19,000
The currency exposure profile of deposits, cash and bank balances is as follows:				
- Ringgit Malaysia	42,439	59,772	15,523	19,000
- USD	2,710	2,286	0	0
	45,149	62,058	15,523	19,000

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

21 CASH AND CASH EQUIVALENTS (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	%	%	%	%
Weighted average interest rate on deposits:				
- Deposits with licensed banks	<u>2.6</u>	<u>2.4</u>	<u>2.7</u>	<u>2.7</u>

Other deposits with the licensed banks of the Group and the Company have an average maturity of 16 days (2004: 13 days).

22 CAPITAL COMMITMENTS

	<u>Group</u>	
	<u>2005</u>	<u>2004</u>
	RM'000	RM'000
Authorised capital expenditure for property, plant and equipment not provided for in the financial statements:		
Approved and contracted for	402,200	182,920
Approved but not contracted for	197,300	8,290
	<u>599,500</u>	<u>191,210</u>

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MEASAT GLOBAL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

23 SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

The immediate holding company of the 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 Company. 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 is a major shareholder of the Company and Celcom Transmission (M) Sdn Bhd, its wholly-owned subsidiary has also entered into transactions with a subsidiary of the Company.

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 disclosed as follows:

	<u>2005</u>	<u>Group</u> <u>2004</u>
	RM'000	RM'000
(a) Transponder lease rental charged to:		
- MEASAT Broadcast Network Systems Sdn. Bhd.	47,363	45,109
- Maxis Broadband Sdn. Bhd.	22,606	22,317
- Communication and Satellite Services Sdn Bhd	644	826
- Astro Network India Pte Ltd	0	92
- Telekom Malaysia Berhad	8,219	9,548
- Celcom Transmission (M) Sdn Bhd	5,131	5,889
	<u> </u>	<u> </u>
(b) Rental of building charged to:		
- MEASAT Broadcast Network Systems Sdn. Bhd.	1,754	0
	<u> </u>	<u> </u>
(c) Management fees charged by:		
- UTSB Management Sdn. Bhd.	1,680	1,680
	<u> </u>	<u> </u>
(d) Consultancy services fees charged by:		
- UTSB Management Sdn. Bhd.	1,200	0
	<u> </u>	<u> </u>
(e) Marketing, consultancy and related services charged by:		
- Paxys Pty. Ltd.	479	1,396
	<u> </u>	<u> </u>
(f) Rental of building and related services charged by:		
- Tanjong City Centre Property Management Sdn. Bhd.	205	820
	<u> </u>	<u> </u>

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MEASAT GLOBAL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

24 FINANCIAL INSTRUMENTS

(a) Interest rate swap and cross currency interest rate swap contracts

The Group had entered into interest rate swap contracts that oblige it to pay interest at fixed rates on notional principal amounts and entitle it to receive interest at floating rates on the same amounts. Under the interest rate swaps, the Group agrees with other parties to exchange, at quarterly intervals, the differences between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The Group had entered into cross currency interest rate swap contracts that oblige it to pay floating USD interest for floating RM interest based on the amortisation of outstanding principal amounts matching the repayment profile of the borrowings. In addition, the contracts oblige the Group to pay the USD principal amounts for RM principal amounts, at a pre-determined rate, which are amortising on semi-annual basis matching the repayment profile of the borrowings.

The weighted average interest rate of the Group's floating rate borrowings at balance sheet date was 5.91% (2004: 4.13%) per annum (Note 16). After the interest rate swap, the Group's weighted average interest rate at balance sheet date was 5.94% (2004: 5.44%).

The remaining terms and notional principal amounts of the outstanding interest rate and cross currency interest rate swap contracts of the Group at the balance sheet date, which are denominated in USD, were as follows:

	<u>2005</u> RM'000	<u>2004</u> RM'000
Less than 1 year	108,000	130,000
Later than 1 year and not later than 5 years	381,000	304,000
Later than 5 years	0	38,000
	<u>489,000</u>	<u>472,000</u>

(b) Fair values

(i) On balance sheet

The carrying amount of financial assets and liabilities of the Group and the Company at the balance sheet date approximated their fair values.

The carrying values of the borrowings with maturity of more than one year at the balance sheet date are set out below:

	<u>Carrying amounts</u> RM'000	<u>Fair values</u> RM'000
Long term borrowings (note 16)	<u>587,981</u>	<u>587,981</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

24 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair values (continued)

(ii) Off balance sheet

The financial derivative instruments are used to manage the foreign exchange and interest rate risks associated with the long term foreign currency borrowings. The notional principal amounts and net fair value of the financial instruments not recognised in the balance sheet of the Group as at the end of the year are as follows:

	<u>Notional principal amount</u> RM'000	<u>Net fair value</u> RM'000
<u>Group</u>		
<u>2005</u>		
Interest rate swap	359,000	7,368
Cross currency interest rate swap	130,000	80
	<u>489,000</u>	<u>7,448</u>

25 SUBSEQUENT EVENTS

- (a) On 27 January 2006, a subsidiary of the Company obtained approval from the lenders for extension of the repayment period of the principal amount, equivalent to RM405,316,000 of the borrowings, from 30 June 2006 to 30 June 2007 (see Note 16).
- (b) On 2 March 2006, a subsidiary of the Company entered into a bridging loan facility of up to USD20 million with a lender to part finance the project cost in respect of M1R satellite.
- (c) On 9 March 2006, a subsidiary of the Company entered into a contract for landlaunch and program management services with PanAmSat Corporation ("PanAmSat") for the launch of the M1R satellite ("Contract for launch services").

The Contract for Launch Services provides that in consideration of a total contract value of USD44,225,000 ("Launch Service Price"), PanAmSat shall provide launch, reflight option and program management services to the subsidiary and, through its subcontractor Sea Launch Limited Partnership, shall provide launch mission services to launch M1R from the Launch Site on a Zenit 3-SLB expendable launch vehicle during the period commencing 1 November 2007 through 29 January 2008.

- (d) In April 2006, a subsidiary of the Company restructured the cross currency and interest rate swap contracts of up to RM489 million to match the extended loan profile (Note 16).

26 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 20 April 2006.

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MEASAT GLOBAL BERHAD
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS PURSUANT TO
SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Datuk Umar bin Haji Abu and Datuk Ramli bin Ibrahim being two of the Directors of MEASAT Global Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 5 to 35 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2005, and of its results and cash flows of the Group and Company for the year ended on that date in accordance with the MASB approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 20 April 2006.

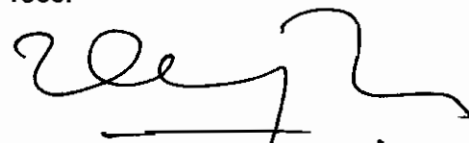

DATUK UMAR BIN HAJI ABU
CHAIRMAN


DATUK RAMLI BIN IBRAHIM
DIRECTOR

Kuala Lumpur

**DECLARATION PURSUANT TO
SECTION 169(16) OF THE COMPANIES ACT, 1965**

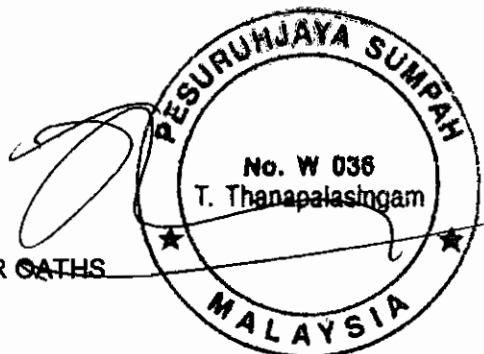
I, Kenneth Koh Seng Kee, the officer primarily responsible for the financial management of MEASAT Global Berhad, do solemnly and sincerely declare that the financial statements set out on pages 5 to 35 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



KENNETH KOH SENG KEE

Subscribed and solemnly declared by the abovenamed Kenneth Koh Seng Kee at Kuala Lumpur in Malaysia on 20 April 2006, before me.

COMMISSIONER FOR OATHS



Bilik 302, Tingkat 3
Bangunan Loke Yew,
Jalan Mahkamah Persekutuan
50050 Kuala Lumpur.
Tel: 03-26938528

**REPORT OF THE AUDITORS TO THE MEMBERS OF
MEASAT GLOBAL BERHAD**
(Company No. 2866-T)

We have audited the financial statements set out on pages 5 to 35. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and MASB approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and Company as at 31 December 2005 and of the results and cash flows of the Group and Company for the financial year ended on that date;

and

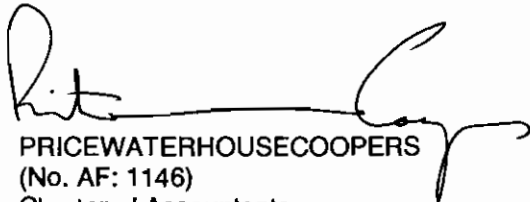
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The name of subsidiaries of which we have not acted as auditors are indicated in Note 13 to the financial statements. We have considered the financial statements of the subsidiaries and the auditors' report thereon.


We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

REPORT OF THE AUDITORS TO THE MEMBERS OF
MEASAT GLOBAL BERHAD (CONTINUED)
(Company No. 2866-T)

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection 3 of section 174 of the Act.



PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants



DATO' AHMAD JOHAN BIN MOHAMMAD RASLAN
(No. 1867/09/06 (J))
Partner of the firm

Kuala Lumpur

20 April 2006