

Company No.

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MEASAT GLOBAL BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2008

1843A9/fm

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 the Company for the financial year ended 31 December 2008.

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 and investment holding. 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 16 to the financial statements.

FINANCIAL RESULTS

	<u>Group</u> RM'000	<u>Company</u> RM'000
Net loss for the year	<u>(38,138)</u>	<u>(885)</u>

DIVIDEND

No dividend has been paid or declared by the Company since the end of previous financial year. The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2008.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year have 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
Datuk Ramli bin Ibrahim
Augustus Ralph Marshall
Khairussaleh bin Ramli
Zam Ariffin bin Ismail

(resigned on 27 June 2008)
(ceased as alternate director to Khairussaleh bin Ramli
on 27 June 2008 and appointed as director on the same
day)
(appointed on 22 December 2008)

Chan Chee Beng

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 Group and the Company is a party, being arrangements with the object or objects of enabling Directors of the Group and the Company to acquire benefits by means of the acquisition of shares and options over shares in, or debentures of, the Group and the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit by reason of a contract made by the Group and 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 8 to the financial statements.

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 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.

As at 31 December 2008, the Group did not meet certain financial covenants stipulated under the terms of its borrowings, attributable mainly to the unrealised foreign exchange translation loss and the delay of MEASAT-3a ("M3a") launch. As a result, the entire borrowings of RM803,136,000 outstanding (Note 20) including non current borrowings of RM636,437,000 has been reclassified to current liability as the borrowing is now repayable on demand. As a result of this fact, there are material uncertainties which may cast doubt on the Group's ability to continue as a going concern and that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Given that (i) operationally, the Group's revenue is largely denominated in USD which is naturally hedged against the fluctuation of the USD denominated borrowing repayments; (ii) as at 31 December 2008, the Group had met all loan repayment obligations; (iii) on 15 April 2009, a waiver of the breach to enable the Group to further drawdown on this borrowing was approved by the lenders in preparation for the launch of M3a scheduled for June 2009; and (iv) the Group has appointed a financial advisor to assist in restructuring the terms of the borrowings by mid 2009 to alleviate potential breach in the coming measurement periods, the Directors are of the opinion that it is appropriate to prepare the financial statements of the Group on a going concern basis.

MEASAT GLOBAL BERHAD
(Incorporated in Malaysia)

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 except as disclosed in Note 20 and Note 29 to the financial statements.

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.

MEASAT GLOBAL BERHAD
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DIRECTORS' REPORT (CONTINUED)

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.

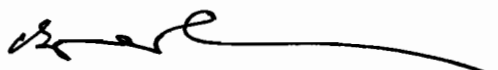
ULTIMATE HOLDING COMPANY

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

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 29 April 2009.



DATUK UMAR BIN HAJI ABU
CHAIRMAN



DATUK RAMLI BIN IBRAHIM
DIRECTOR

Kuala Lumpur

MEASAT GLOBAL BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		<u>Group</u>		<u>Company</u>	
	<u>Note</u>	<u>2008</u>	<u>Restated</u>	<u>2008</u>	<u>2007</u>
		<u>RM'000</u>	<u>2007</u>	<u>RM'000</u>	<u>RM'000</u>
			<u>RM'000</u>		
Revenue	6	195,946	187,256	0	0
Cost of services		(108,618)	(127,334)	0	0
Gross profit		87,328	59,922	0	0
Other operating income	7	4,637	5,599	76	103
Selling and administrative expenses		(36,101)	(42,156)	(961)	(1,025)
Profit/(loss) from operations	8	55,864	23,365	(885)	(922)
Finance costs	10	(93,309)	(5,404)	0	0
(Loss)/profit from ordinary activities before taxation		(37,445)	17,961	(885)	(922)
Taxation	11,30	(693)	189,709	0	0
Net (loss)/profit for the year		<u>(38,138)</u>	<u>207,670</u>	<u>(885)</u>	<u>(922)</u>
Earnings per share					
- Basic and diluted (sen)	12	<u>(9.78)</u>	<u>53.26</u>		

The notes on pages 11 to 47 form part of these financial statements.

MEASAT GLOBAL BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 31 DECEMBER 2008

		<u>Group</u>		<u>Company</u>	
	<u>Note</u>	<u>2008</u>	<u>Restated</u> <u>2007</u>	<u>2008</u>	<u>2007</u>
		RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	1,315,484	1,316,478	0	0
Prepaid lease	14	740	0	0	0
Goodwill	15	1,186,589	1,186,589	0	0
Investment in subsidiaries	16	0	0	1,463,395	1,463,395
Deferred taxation	21, 30	191,141	191,827	0	0
		<u>2,693,954</u>	<u>2,694,894</u>	<u>1,463,395</u>	<u>1,463,395</u>
CURRENT ASSETS					
Prepaid lease	14	25	0	0	0
Trade and other receivables	17	28,082	21,535	74	98
Tax recoverable		0	796	0	50
Amount due from subsidiary	18	0	0	11,157	11,157
Deposits with licensed banks	25	7,567	15,352	2,023	2,765
Cash and bank balances	25	121,853	73,332	54	53
		<u>157,527</u>	<u>111,015</u>	<u>13,308</u>	<u>14,123</u>
CURRENT LIABILITIES					
Other payables	19	116,830	56,825	790	720
Borrowings (secured and interest bearing)	20	803,136	90,287	0	0
Taxation		621	621	621	621
		<u>920,587</u>	<u>147,733</u>	<u>1,411</u>	<u>1,341</u>
NET CURRENT (LIABILITIES)/ ASSETS		(763,060)	(36,718)	11,897	12,782
NON-CURRENT LIABILITIES					
Borrowings (secured and interest bearing)	20	0	671,035	0	0
Other payables	19	178,571	196,680	0	0
		<u>178,571</u>	<u>867,715</u>	<u>0</u>	<u>0</u>
		<u>1,752,323</u>	<u>1,790,461</u>	<u>1,475,292</u>	<u>1,476,177</u>
CAPITAL AND RESERVES					
Share capital		304,148	304,148	304,148	304,148
Merger reserve	23	554,802	554,802	554,802	554,802
General reserve		15,899	15,899	15,899	15,899
Retained earnings	24	877,474	915,612	600,443	601,328
		<u>1,752,323</u>	<u>1,790,461</u>	<u>1,475,292</u>	<u>1,476,177</u>

The notes on pages 11 to 47 form part of these financial statements.

MEASAT GLOBAL BERHAD

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

<u>Group</u>	<u>Note</u>	<u>Issued and fully paid ordinary shares of RM0.78 each</u>		<u>Non- distributable Merger reserve</u> RM'000	<u>Distributable</u>		<u>Total</u> RM'000
		<u>Number of shares</u> '000	<u>Nominal value</u> RM'000		<u>General reserve</u> RM'000	<u>Retained earnings</u> RM'000	
As at 1 January 2007 (As previously stated)		389,933	304,148	554,802	15,899	676,779	1,551,628
Change in accounting policy – Effects of adopting FRS 112	30	0	0	0	0	31,163	31,163
As at 1 January 2007 (As restated)		389,933	304,148	554,802	15,899	707,942	1,582,791
Net profit for the year (As restated)	30	0	0	0	0	207,670	207,670
As at 31 December 2007		<u>389,933</u>	<u>304,148</u>	<u>554,802</u>	<u>15,899</u>	<u>915,612</u>	<u>1,790,461</u>
As at 1 January 2008		389,933	304,148	554,802	15,899	915,612	1,790,461
Net loss for the year		0	0	0	0	(38,138)	(38,138)
As at 31 December 2008		<u>389,933</u>	<u>304,148</u>	<u>554,802</u>	<u>15,899</u>	<u>877,474</u>	<u>1,752,323</u>

The notes on pages 11 to 47 form part of these financial statements.

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MEASAT GLOBAL BERHAD
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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

<u>Company</u>	<u>Issued and fully paid ordinary shares of RM0.78 each</u>		<u>Non- distributable Merger reserve</u> RM'000	<u>Distributable</u>		<u>Total</u> RM'000
	<u>Number of shares</u> '000	<u>Nominal value</u> RM'000		<u>General reserve</u> RM'000	<u>Retained earnings</u> RM'000	
As at 1 January 2007	389,933	304,148	554,802	15,899	602,250	1,477,099
Net loss for the year	0	0	0	0	(922)	(922)
As at 31 December 2007	<u>389,933</u>	<u>304,148</u>	<u>554,802</u>	<u>15,899</u>	<u>601,328</u>	<u>1,476,177</u>
As at 1 January 2008	389,933	304,148	554,802	15,899	601,328	1,476,177
Net loss for the year	0	0	0	0	(885)	(885)
As at 31 December 2008	<u>389,933</u>	<u>304,148</u>	<u>554,802</u>	<u>15,899</u>	<u>600,443</u>	<u>1,475,292</u>

The notes on pages 11 to 47 form part of these financial statements.

MEASAT GLOBAL BERHAD

(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Group		Company	
	2008 RM'000	Restated 2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (loss)/profit for the year	(38,138)	207,670	(885)	(922)
Adjustments for:				
Depreciation of property, plant and equipment	88,540	115,158	0	0
Finance charges	42,012	59,418	0	0
Unrealised foreign exchange loss/(gain)	37,006	(43,333)	0	0
Realised foreign exchange loss/(gain) on borrowings	5,930	(8,085)	0	0
Interest income	(2,034)	(3,120)	(76)	(103)
Taxation	693	(189,709)	0	0
Gain from disposal of property, plant and equipment	0	(23)	0	0
	134,009	137,976	(961)	(1,025)
Changes in working capital:				
(Increase)/decrease in trade and other receivables	(6,779)	(4,658)	24	(21)
Increase/(decrease) in other payables	51,563	(28,302)	70	(25)
Net cash generated from/(used in) operations	178,793	105,016	(867)	(1,071)
Interest income received	2,027	3,151	76	103
Taxation refund	789	3	50	6
Net cash flow from/(used in) operating activities	181,609	108,170	(741)	(962)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	12	329	0	0
Purchase of property, plant and equipment	(73,664)	(148,209)	0	0
Net cash flow used in investing activities	(73,652)	(147,880)	0	0

MEASAT GLOBAL BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2008</u>	<u>Restated</u> <u>2007</u>	<u>2008</u>	<u>2007</u>
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in debt service reserve account		(35,536)	(15,612)	0	0
Proceeds from drawdown of borrowings		103,757	515,661	0	0
Repayment of non-trade payables		(21,161)	(1,130)	0	0
Repayments of borrowings		(109,437)	(428,713)	0	0
Interest paid		(48,252)	(55,173)	0	0
Commitment and other fees paid on borrowings		(755)	(2,165)	0	0
Net cash flow (used in)/from financing activities		(111,384)	12,868	0	0
NET MOVEMENT IN CASH AND CASH EQUIVALENTS					
		(3,427)	(26,842)	(741)	(962)
CURRENCY TRANSLATION DIFFERENCES					
		8,627	(2,920)	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR					
		25,066	54,828	2,818	3,780
CASH AND CASH EQUIVALENTS AT END OF THE YEAR					
	25	30,266	25,066	2,077	2,818

The notes on pages 11 to 47 form part of these financial statements.

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MEASAT GLOBAL BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

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 and investment holding.

The principal activities of the subsidiaries are disclosed in Note 16 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 immediate holding company is MEASAT Global Network Systems Sdn. Bhd., and the ultimate holding company is MAI Holdings Sdn. Bhd. Both of these companies 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 registered office of the Company is at:

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

The principal place of business of the Company is at:

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 currency risk, interest rate risk, credit risk and liquidity risk.

(a) Currency 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.

MEASAT GLOBAL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (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 through the 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 on-going basis.

The Group seeks to invest cash assets safely and profitably. The Group has no significant concentration of credit risk except that the majority of its deposits are placed with major financial institutions in Malaysia.

(d) Liquidity Risk

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been used consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards ("FRS"), MASB Approved Accounting Standard in Malaysia for Entities Other than Private Entities.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

As at 31 December 2008, the Group did not meet certain financial covenants stipulated under the terms of its borrowings, attributable mainly to the unrealised foreign exchange translation loss and the delay of M3a launch. As a result, the entire borrowings of RM803,136,000 outstanding (Note 20) including non current borrowings of RM636,437,000 has been reclassified to current liability as the borrowing is now repayable on demand. As a result of this fact, there are material uncertainties which may cast doubt on the Group's ability to continue as a going concern and that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

MEASAT GLOBAL BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of preparation (continued)**

Given that (i) operationally, the Group's revenue is largely denominated in USD which is naturally hedged against the fluctuation of the USD denominated borrowing repayments; (ii) as at 31 December 2008, the Group had met all loan repayment obligations; (iii) on 15 April 2009, a waiver of the breach to enable the Group to further drawdown on this borrowing was approved by the lenders in preparation for the launch of M3a scheduled for June 2009; and (iv) the Group has appointed a financial advisor to assist in restructuring the terms of the borrowings by mid 2009 to alleviate potential breach in the coming measurement periods, the Directors are of the opinion that it is appropriate to prepare the financial statements of the Group on a going concern basis.

The preparation of financial statements in conformity with the above approved accounting standards requires the use of certain critical accounting 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 and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(b) Standards, amendments to published standards and Interpretation Committee ("IC") interpretations that are effective

The new accounting standards and IC interpretations effective for the Group's and the Company's financial year beginning on 1 January 2008 are as follows:

FRS 107	"Cash Flow Statements" – The objective of this revised standard is to require the provision of information about the historical changes in cash and cash equivalents of an entity by means of a cash flow statement which classifies cash flows during the period from operating, investing and financing activities.
FRS 112	"Income Taxes" – This revised standard removes the requirements that prohibit recognition of deferred tax on unutilised reinvestment allowances or other allowances in excess of capital allowances.
FRS 118	"Revenue" – Revenue is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. This revised standard identifies the circumstances in which these criteria will be met and provides practical guidance on the application of these criteria.
FRS 120	"Accounting for Government Grants and Disclosure of Government Assistance" - This revised standard allows the alternative treatment of recording non-monetary government grant at nominal amount on initial recognition.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- (b) Standards, amendments to published standards and Interpretation Committee ("IC") interpretations that are effective (continued)

FRS 134	"Interim Financial Reporting" – This standard prescribe the minimum content of an interim financial report and the principles for recognition and measurement to be adopted in interim financial statements.
FRS 137	"Provisions, Contingent Liabilities and Contingent Assets" – This standard prescribes the accounting and disclosure for provisions, contingent liabilities and contingent assets.
IC Interpretation 8	"Scope of FRS 2" – This Interpretation clarifies that FRS 2 "Share-based Payment" applies even in the absence of specifically identifiable goods or services.

FRS 107, FRS 118, FRS 120, FRS 134, FRS 137 and IC Interpretation 8 have no significant changes compared to the original standards.

All changes in accounting policies, where applicable have been made in accordance with the transitional provisions in the respective standards and IC interpretations. All standards and IC interpretations adopted by the Group and the Company require retrospective application.

The financial impact of adopting FRS 112 is as set out in Note 30.

- (c) Standards that are relevant for the Group's and the Company's operations, not yet effective and have not been early adopted

The new standard relevant or material for the Group's and the Company's operations, which is not yet effective and had not been early adopted, are as follows:

FRS 7 "Financial Instruments: Disclosures" (effective for accounting period beginning on or after 1 January 2010). FRS 7 introduces new requirements to improve the information on financial instruments disclosed in the financial statements. The Group and the Company has applied the transitional provision in FRS 7 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial statements of the Group and the Company. The Group and the Company will apply this standard from financial periods beginning on 1 January 2010.

FRS 139 "Financial Instruments: Recognition and Measurement" (effective date 1 January 2010). This revised standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group and the Company have applied the transitional provision in FRS 139 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial statements of the Group and the Company. The Group and the Company will apply this standard when effective.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- (d) Standards, amendments to published standards and IC interpretations that are not relevant or material for the Group's and the Company's operations, not yet effective and had not been early adopted

The new standards, amendments to published standards and IC interpretations that are not relevant or material for the Group's and the Company's operations, which are not yet effective and had not been early adopted, are as follows:

FRS 4	"Insurance Contracts"
FRS 8	"Operating Segments"
IC Interpretation 9	"Reassessment of Embedded Derivatives"
IC Interpretation 10	"Interim Financial Reporting and Impairment"

- (e) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. 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, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are excluded from consolidation from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The Group has taken advantage of the exemption provided by FRS 122₂₀₀₄ and FRS 3 "Business Combination" to apply these standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these standards.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Basis of consolidation (continued)**

The excess of the cost of acquisition over the fair values of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statements. See accounting policy Note (q) on goodwill.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless they relate to impairment of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by 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 as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary is recognised in the consolidated income statements.

(f) Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated 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 basis to write off the cost of each asset to its residual values over its estimated useful life. Satellites, tracking facilities and other ground equipment are included as part of telecommunications equipment.

The property, plant and equipment were depreciated over their useful life as follows:

	Years
Buildings	50
Telecommunications equipment	10 - 15
Office equipment	6.67
Furniture, fittings and renovations	6.67
Computers	3 - 5
Motor vehicles	5

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

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date. If the residual value of an asset increases to an amount equal or greater than the asset's carrying amount, the asset's depreciation charge is nil unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(f) 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 (r) on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

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

(g) Taxation

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

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. However deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at that time of the transaction affects neither accounting nor taxable profit or loss.

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

Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(h) Foreign currencies**(i) Functional and presentation currency**

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

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(h) Foreign currencies (continued)****(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Foreign entities

Assets and liabilities of foreign subsidiaries are translated at closing rates for purposes of consolidation. Income statement items are translated at average rates during the financial year and resulting exchange differences are dealt with in equity for the financial year.

(iv) Closing rates

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

<u>Foreign currency</u>	<u>31.12.2008</u>	<u>31.12.2007</u>
	RM	RM
1 US Dollar ("USD")	3.46	3.31

(i) Investment in subsidiaries

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 (r) on impairment of assets.

External costs directly attributable to an acquisition of subsidiaries, other than costs of issuing shares and other capital instruments, are 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.

(j) Cash and cash equivalents

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

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(k) Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the performance of services in the ordinary course of the Group's activities. Deferred revenue includes invoices billed in advance of the performance period which is recorded as advance billings in the balance sheet.

Other operating income earned by the Group is recognised on the following basis:

- (i) Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the prevailing interest rates; and
- (ii) Rental income is recognised on accrual basis in accordance with the substance of the relevant agreements.

(l) Receivables

Trade and other receivables are carried at invoiced amount less an estimate made for doubtful debts based on a review of outstanding amounts at the financial year end. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. Bad debts are written off when they are identified.

(m) 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.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(m) Financial instruments (continued)****(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 and to protect the Group from movements in interest rates and currency 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 borrowings are taken to the income statement.

Fair value estimation for disclosure purposes

In assessing the fair value of financial instruments, the Group makes certain assumptions and apply the discounted value of future cash flow method to determine the fair value of financial instruments. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rates available to the Group for similar financial instruments.

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

(n) 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.

(o) Borrowings**(i) Classification**

Borrowings are initially recognised based on the proceeds received, net of deferred 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.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(o) Borrowings (continued)****(i) Classification (continued)**

Interest is accrued over the period it becomes due, classified as part of other accruals.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(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 charged to the income statement.

(p) Share capital**(i) Classification**

Ordinary shares with discretionary dividends are classified as equity.

(ii) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities in the period in which they are declared.

(q) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the fair value of the Group's share of the identifiable net assets at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses, if any. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. The Group allocates goodwill to its satellite operations. See accounting policy Note (r) on impairment of assets.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(r) Impairment of assets**

Assets that have an indefinite useful life are not subjected to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An 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 fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units).

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. Impairment losses on goodwill are not reversed. In respect of other assets, 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.

(s) 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(t) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risk and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risk and returns that are different from those components operating in other economic environments.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(t) Segment reporting (continued)**

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 intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

(u) 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.

(v) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3(r). The recoverable amount of the cash-generating unit was determined based on the value-in-use calculation. The calculation requires the use of estimates as set out in Note 15.

Certain assumptions relating to judgemental parameters such as future economic growth, future growth in satellite provision services, future inflationary rates, appropriate discount rates are required in order to project the future cash flows of the business operations. These judgements are based on the historical track record and expectations of future events that are believed to be reasonable under the current circumstances.

(b) Going concern

The preparation of the financial statements on a going concern basis is premised upon the reasons set out in the basis of preparation in Note 3(a).

(c) Taxation

The Company is subject to income tax under the Malaysian Income Tax Act, 1967 (the "Act") as well as tax laws under foreign countries' jurisdictions in which certain subsidiaries operate in. In arriving to the Group's provision for income tax, judgement is involved in determining the computation amongst others in the quantifying of allowable deductible expenses under the Act namely capital allowances and uncollectible revenue or bad debts. Ultimate tax determination is subject to the Inland Revenue Board's final assessment. The Group recognises liabilities for expected tax issues based on estimates and judgement of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgements regarding the future financial performance of the entity in which the deferred tax asset has been recognised. In addition, the recognition of deferred tax assets arising from Capital Allowances, Investment Allowances and Investment Tax Allowances are subject to judgement on the ability of the satellites to remain operational given its finite useful life which is highly dependant on its technical and fuel capacity.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)****(d) Estimated useful lives and residual values of property, plant and equipment**

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the property, plant and equipment balance.

The residual values of property, plant and equipment are reviewed and adjusted as appropriate at each balance sheet date based on factors such as readily available market information. A reduction in the estimated residual values of property, plant and equipment would increase the recorded depreciation and decrease the property, plant and equipment balance.

(e) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts internal and external to the Group for matters in the ordinary course of business. This is disclosed in Note 29 to the financial statements.

5 SEGMENT REPORTING**(a) Primary reporting format - business segment**

The business segment of the Group consists of the provision of satellite network operation. Consequently, the segment reporting for business segment is the same as the financial statements reported for the Group.

(b) Secondary reporting format – geographical segment

The Group's business segment operates in 2 main geographical areas as shown below:

<u>Group</u>	<u>Revenue</u>	<u>Total assets</u>	<u>Capital expenditure</u>
<u>Year ended 31.12.2008</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	144,140	419,249	1,642
Other countries	51,806	7,925	0
Unallocated assets*	0	2,424,307	85,916
	<u>195,946</u>	<u>2,851,481</u>	<u>87,558</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)

5 SEGMENT REPORTING (CONTINUED)

(b) Secondary reporting format – geographical segment (continued)

<u>Group</u>	<u>Revenue</u>	<u>Total assets</u> Restated	<u>Capital expenditure</u>
<u>Year ended 31.12.2007</u>	RM'000	RM'000	RM'000
Malaysia	155,971	405,210	7,909
Other countries	31,285	4,964	0
Unallocated assets*	0	2,395,735	234,600
	<u>187,256</u>	<u>2,805,909</u>	<u>242,509</u>

* Included in unallocated assets are the net book value of the satellites (including work-in-progress) of RM1,237,718,000 (2007: RM1,209,146,000) and goodwill of RM1,186,589,000 (2007: 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.

6 REVENUE

	<u>2008</u> RM'000	<u>Group</u> <u>2007</u> RM'000
Transponder lease rental and related fees	<u>195,946</u>	<u>187,256</u>

7 OTHER OPERATING INCOME

	<u>Group</u>		<u>Company</u>	
	<u>2008</u> RM'000	<u>2007</u> RM'000	<u>2008</u> RM'000	<u>2007</u> RM'000
Rental income – related companies	2,487	2,233	0	0
Interest income	2,034	3,120	76	103
Others	116	246	0	0
	<u>4,637</u>	<u>5,599</u>	<u>76</u>	<u>103</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)

8 PROFIT/(LOSS) FROM OPERATIONS

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) from operations is stated after charging/(crediting):				
Auditors' remuneration				
- statutory audit	96	95	23	23
- others	45	42	41	42
Depreciation of property, plant and equipment	88,540	115,158	0	0
Gain on disposal of property, plant and equipment	0	(23)	0	0
Directors' remuneration				
- fees	335	335	245	245
- other emoluments	110	128	80	95
Rental of building	92	204	0	0
Rental of land	0	25	0	0
Foreign exchange losses				
- realised	577	410	0	0
- unrealised	(8,361)	2,596	0	0
Staff cost (Note 9)	18,223	17,210	0	0

9 STAFF COST

	<u>Group</u>	
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
Salaries, wages and bonus	11,219	11,630
Employees Provident Fund	1,320	1,401
Other employee benefits	5,684	4,179
	<u>18,223</u>	<u>17,210</u>

Staff cost excludes directors' remuneration disclosed in Note 8 to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)

10 FINANCE COSTS

	<u>Group</u>	
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
Amortisation of deferred issue cost	(6,287)	(9,661)
Commitment fees and other fees	(672)	(1,443)
Interest expense charged by licensed banks	(35,053)	(48,314)
Foreign exchange (loss)/gain		
- realised	(5,930)	8,085
- unrealised	(45,367)	45,929
	<u>(93,309)</u>	<u>(5,404)</u>

11 TAXATION

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	Restated <u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
<u>In respect of current year:</u>				
Malaysian income tax				
- Current	(7)	(6)	0	0
- Under accrual in prior year	0	761	0	0
Deferred tax (Note 21)				
- Origination and reversal of temporary differences	(686)	188,954	0	0
	<u>(693)</u>	<u>189,709</u>	<u>0</u>	<u>0</u>

The comparatives have been adjusted for prior year adjustment as disclosed in Note 29.

The current taxation for the Group is in respect of tax charge on rental income. There is no taxation charge in respect of business income due to the utilisation of unabsorbed capital allowances and investment allowances of a subsidiary.

The tax savings arising from the utilisation of brought forward capital allowances and investment allowances for the Group amounted to RM24,222,000 (2007: RM14,759,000) and RM4,148,000 (2007: RM14,876,000) respectively.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)

11 TAXATION (CONTINUED)

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

	Group		Company	
	2008	Restated 2007	2008	2007
	%	%	%	%
Numerical reconciliation between the average effective tax rate and the Malaysian tax rate:				
Malaysian tax rate	(26)	27	(26)	(27)
Tax effects of:				
- current year tax loss not recognised	0	0	26	27
- expenses not deductible for tax purposes	51	15	0	0
- income not subject to tax	0	(82)	0	0
- recognition of previously unrecognised deferred tax assets arising from investment and investment tax allowances	(10)	(1,164)	0	0
- recognition of deferred tax assets arising from unutilised capital allowance	(14)	0	0	0
- utilisation of previously unrecognised unutilised capital allowance	0	157	0	0
- effect from change in tax rate	(1)	(9)	0	0
- other	2	0	0	0
Average effective tax rate	2	(1,056)	0	0

12 EARNINGS PER SHARE

Basic and diluted 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 financial year.

	Group	
	2008	Restated 2007
Net (loss)/profit for the year (RM'000)	(38,138)	207,670
Weighted average number of ordinary shares in issue ('000)	389,933	389,933
Basic and diluted earnings per share (sen)	(9.78)	53.26

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)

13 **PROPERTY, PLANT AND EQUIPMENT**

<u>Group</u>	As at	<u>Additions</u>	<u>Disposals</u>	<u>Reclassi-</u>	Depreciation	As at
	<u>1.1.2008</u>				<u>charge for</u>	<u>31.12.2008</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>fications</u>	<u>the year</u>	<u>RM'000</u>
				<u>RM'000</u>	<u>RM'000</u>	
<u>2008</u>						
<u>Net book value</u>						
Freehold land	7,631	0	0	0	0	7,631
Buildings	67,246	0	0	0	(1,529)	65,717
Telecommunications equipment	867,463	3,240	0	937	(86,001)	785,639
Office equipment	1,160	217	(2)	0	(248)	1,127
Furniture, fittings and renovations	1,256	1,170	(1)	0	(290)	2,135
Computers	742	255	(4)	0	(310)	683
Motor vehicles	640	0	(5)	0	(162)	473
	<u>946,138</u>	<u>4,882</u>	<u>(12)</u>	<u>937</u>	<u>(88,540)</u>	<u>863,405</u>
Capital work-in-progress	370,340	82,676	0	(937)	0	452,079
	<u>1,316,478</u>	<u>87,558</u>	<u>(12)</u>	<u>0</u>	<u>(88,540)</u>	<u>1,315,484</u>

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
<u>At 31 December 2008</u>			
Freehold land	7,631	0	7,631
Buildings	76,504	(10,787)	65,717
Telecommunications equipment	1,563,218	(777,579)	785,639
Office equipment	4,999	(3,872)	1,127
Furniture, fittings and renovations	4,409	(2,274)	2,135
Computers	2,630	(1,947)	683
Motor vehicles	1,058	(585)	473
	<u>1,660,449</u>	<u>(797,044)</u>	<u>863,405</u>
Capital work-in-progress	452,079	0	452,079
	<u>2,112,528</u>	<u>(797,044)</u>	<u>1,315,484</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)

13 **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<u>Group</u>	As at	<u>Additions</u>	<u>Disposals</u>	<u>Reclassi-</u>	Depreciation	As at
	<u>1.1.2007</u>				<u>charge for</u>	<u>31.12.2007</u>
	RM'000	RM'000	RM'000	fications	the year	RM'000
				RM'000	RM'000	RM'000
<u>2007</u>						
<u>Net book value</u>						
Freehold land	7,631	0	0	0	0	7,631
Buildings	68,775	0	0	0	(1,529)	67,246
Telecommunications equipment	104,907	3,295	(285)	872,448	(112,902)	867,463
Office equipment	1,251	153	(7)	5	(242)	1,160
Furniture, fittings and renovations	1,180	192	0	49	(165)	1,256
Computers	838	194	(5)	0	(285)	742
Motor vehicles	684	0	(9)	0	(35)	640
	<u>185,266</u>	<u>3,834</u>	<u>(306)</u>	<u>872,502</u>	<u>(115,158)</u>	<u>946,138</u>
Capital work-in-progress	1,004,167	238,675	0	(872,502)	0	370,340
	<u>1,189,433</u>	<u>242,509</u>	<u>(306)</u>	<u>0</u>	<u>(115,158)</u>	<u>1,316,478</u>
				<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
				RM'000	RM'000	RM'000
<u>At 31 December 2007</u>						
Freehold land				7,631	0	7,631
Buildings				76,504	(9,258)	67,246
Telecommunications equipment				1,559,041	(691,578)	867,463
Office equipment				4,786	(3,626)	1,160
Furniture, fittings and renovations				3,241	(1,985)	1,256
Computers				2,388	(1,646)	742
Motor vehicles				1,101	(461)	640
				<u>1,654,692</u>	<u>(708,554)</u>	<u>946,138</u>
Capital work-in-progress				370,340	0	370,340
				<u>2,025,032</u>	<u>(708,554)</u>	<u>1,316,478</u>

Borrowing costs of RM12,905,000 arising from financing specifically entered into for the construction of MEASAT-3a (previously known as MEASAT-1R) were capitalised during the financial year as capital work-in-progress (2007: RM12,477,000 borrowing costs for the construction of MEASAT-3 ("M3") and M3a were capitalised as telecommunications equipment and work-in-progress respectively).

The buildings situated at Langkawi with a net book value of RM20,722,000 (2007: RM21,266,000) are located on a piece of land leased from a third party as disclosed on Note 14. All property, plant and equipment have been pledged as security for the borrowings as disclosed in Note 20 to the financial statements.

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14 PREPAID LEASE

	<u>2008</u> RM'000	<u>Group</u> <u>2007</u> RM'000
<u>Cost</u>		
As at 1 January	0	0
Reclassified from receivables	789	0
As at 31 December	<u>789</u>	<u>0</u>
<u>Accumulated depreciation</u>		
As at 1 January	0	0
Additions	24	0
As at 31 December	<u>24</u>	<u>0</u>
Net book value	<u>765</u>	<u>0</u>
Analysed by:		
Current	25	0
Non-current	740	0
	<u>765</u>	<u>0</u>

Prepaid lease relates to a leasehold land for which a building of the Company's subsidiary in Langkawi is located on (Note 13). The prepaid lease payment covers a lease period of 60 years expiring in 2068.

15 GOODWILL

	<u>2008</u> RM'000	<u>Group</u> <u>2007</u> RM'000
<u>Cost</u>		
As at 1 January/31 December	<u>1,186,589</u>	<u>1,186,589</u>

The Group undertakes an annual test for impairment of its cash-generating unit ("CGU"). Based on the impairment test, no impairment loss was required for the carrying amount of goodwill as at 31 December 2008 as its recoverable amount was in excess of its carrying amount.

The recoverable amount of the satellite operations is determined based on the value-in-use calculation. This calculation uses pre-tax cash flow projections based on the most recent financial budget approved by the Board of Directors.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**15 GOODWILL (CONTINUED)**

Cash flows beyond the approved financial budget period are extrapolated using the estimated growth rates stated below. The compounded revenue growth rate is estimated based on past historical track record and estimated future events under current circumstances determined for the next 15 years based on the finite life of the existing satellites. Subsequent to the life of the existing satellites, the cash flows are extrapolated using estimated terminal growth rates determined with regard to the market and industry in which the satellite operations operate in and do not exceed the long term average growth rate for the industry and market. This assumption was based on the premise that the satellite business will continue on a going concern basis beyond the existing satellites' useful lives as replacement satellites are assumed to be commissioned whenever any of the existing satellites have reached the end of its useful life.

Pre-tax discount rate applied to the cash flow projections are derived from the CGU's pre-tax weighted average cost of capital of the Group at the date of the assessment of the CGU.

The key assumptions used in the value-in-use calculation are as follows:

	<u>2008</u>	<u>Group</u> <u>2007</u>
	%	%
Average Satellite Utilisation Rate	90	90
Pre-tax Discount Rate	7.1	6.3
Compounded Revenue Growth Rate	5	4
Terminal Growth Rate	1	1

The changes in the assumptions for the current year relating to the Average Satellite Utilisation Rate and the Compounded Revenue Growth Rate were attributable to the potential future composition of contracts expected to be entered into with customers as a result of the introduction of M3a in the next financial year.

The Pre-tax Discount Rate has increased from the previous financial year primarily due to financing activities which occurred during the financial year.

The Group's review includes an impact assessment of changes in key assumptions in particular the pre-tax discount rate. Based on the sensitivity analysis performed, including an 11% increase in the pre-tax discount rate, management has concluded that no reasonable change in the base case key assumptions would cause the carrying amount of the goodwill to exceed its recoverable amount.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)

16 INVESTMENT IN SUBSIDIARIES

	<u>2008</u>	<u>Company</u>
	RM'000	2007
	RM'000	RM'000
Unquoted shares, at cost	1,463,395	1,463,395

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>2008</u>	<u>2007</u>	
		%	%	
<u>Directly held by the Company</u>				
MEASAT Satellite Systems Sdn. Bhd. ("MSS")	Malaysia	100	100	Satellite network operations and investment holding
<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
MEASAT Satellite Indonesia Sdn. Bhd.	Malaysia	100	100	Dormant
<u>Indirectly held through its subsidiary</u> <u>MEASAT International (South Asia) Ltd</u>				
India Malaysia Satellite Company Private Limited *	India	100	100	Dormant

* Not audited by PricewaterhouseCoopers Malaysia.

** Audited by an affiliate of 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 20 to the financial statements.

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17 TRADE AND OTHER RECEIVABLES

	<u>Group</u>		<u>Company</u>	
	<u>2008</u> RM'000	<u>2007</u> RM'000	<u>2008</u> RM'000	<u>2007</u> RM'000
Trade receivables				
- related companies	3,543	9,954	0	0
- others	10,366	7,331	0	0
	<u>13,909</u>	<u>17,285</u>	<u>0</u>	<u>0</u>
Allowance for doubtful debts	(799)	(1,080)	0	0
	<u>13,110</u>	<u>16,205</u>	<u>0</u>	<u>0</u>
Other receivables	4,638	2,845	74	98
Prepayments	9,669	2,102	0	0
Deposits	665	383	0	0
	<u>28,082</u>	<u>21,535</u>	<u>74</u>	<u>98</u>

The currency exposure profile of trade and other receivables are as follows:

- Ringgit Malaysia	20,835	16,571	74	98
- USD	7,247	4,964	0	0
	<u>28,082</u>	<u>21,535</u>	<u>74</u>	<u>98</u>

Credit terms of trade receivables range from no credit to 30 days (2007: payment in advance to 30 days).

18 AMOUNT DUE FROM SUBSIDIARY

Amount due from subsidiary represents a loan denominated in Ringgit Malaysia. The loan is interest free, unsecured and has no fixed terms of repayment.

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19 OTHER PAYABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<u>Current</u>				
Non-trade payables	36,492	34,200	0	0
Accrued charges	12,860	12,320	244	720
Advance billings	8,954	7,342	0	0
Advance payments from customers	50,626	418	0	0
Deposits from customers	7,452	2,123	0	0
Amounts due to related companies	446	422	546	0
	116,830	56,825	790	720
<u>Non-current</u>				
Non-trade payable	178,571	196,680	0	0
	295,401	253,505	790	720

The currency exposure profile of other payables are as follows:

- Ringgit Malaysia	10,935	14,289	790	720
- USD	284,466	239,216	0	0
	295,401	253,505	790	720

Credit terms from other payables varies from no credit to 30 days (2007: no credit to 30 days).

Included in non-trade payables are unsecured performance incentives ("PI") of USD49,400,000 (equivalent to RM171,300,000) and a deferred payment of USD12,000,000 (equivalent to RM41,600,000) for M3.

USD38,900,000 (equivalent to RM134,900,000) of the PI bears interest at 7% per annum which is payable in arrears commenced on 1 January 2007 and the principal is repayable in twenty four (24) equal instalments over a period of 6 years which commenced on 1 January 2008.

USD10,500,000 (equivalent to RM36,400,000) of the PI bears interest at 7% per annum which is payable in arrears commenced on 25 January 2007 and repayable in 60 equal instalments over a period of 15 years.

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

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)

20 BORROWINGS (SECURED AND INTEREST BEARING)

	<u>2008</u>	<u>Group</u> <u>2007</u>
	RM'000	RM'000
Syndicated term loans	210,134	270,988
Export Credit Agency Loan	593,002	490,334
	<u>803,136</u>	<u>761,322</u>
The following is an analysis of the borrowings by:		
Current		
- not later than 1 year	803,136	90,287
Non-current		
- later than 1 year but not more than 2 years	0	252,039
- later than 2 years but not more than 5 years	0	321,542
- later than 5 years	0	97,454
	<u>0</u>	<u>671,035</u>
	<u>803,136</u>	<u>761,322</u>

The above borrowings are stated net of deferred issue cost of RM22,392,000 (2007: RM29,493,000). The syndicated term loans denominated in Ringgit Malaysia and USD are originally repayable in 9 equal instalments over a period of 5 years which commenced on 31 December 2007.

The Export Credit Agency Loan consists of the following facilities:

<u>Facility</u>	<u>Repayment terms</u>
Export-Import Bank of the United States ("EXIM") backed financing for M3	<u>Tranche 1</u> 13 semi-annual instalments commenced 31 December 2007 <u>Tranche 2</u> 5 semi-annual instalments commencing 24 June 2012
EXIM backed financing for M3a	15 semi-annual instalments commencing 24 December 2009
M3a commercial facilities	One-ninth of amount outstanding commencing 31 December 2008

The terms of the borrowings require deposits to be placed in the debt service reserve account with a licensed bank as disclosed in Note 25 to the financial statements to meet debt servicing requirements and to maintain certain financial covenants. As at 31 December 2008, the Group did not meet certain financial covenants stipulated under the terms of its borrowings, attributable mainly to unrealised foreign exchange translation loss and the delay of M3a launch. As a result, the entire borrowings of RM803,136,000 outstanding including non-current borrowings of RM636,437,000 has been reclassified to current liability as the borrowing is now repayable on demand. As disclosed in Note 3(a), the Group is currently in discussion with the lenders to restructure the terms of the borrowings. In addition, on 15 April 2009, the lenders granted the Group a waiver from the said financial covenants, thus enabling the Group to further drawdown on the borrowings.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)

20 BORROWINGS (SECURED AND INTEREST BEARING) (CONTINUED)

The borrowings are exposed to the following interest rates:

	<u>2008</u>	<u>Group</u> <u>2007</u>
	%	%
- Syndicated term loans	2.21 – 5.46	5.73 - 6.60
- Export Credit Agency Loan	1.90 – 4.82	4.82 - 6.63

The weighted average interest rate of the borrowings as at the balance sheet date was 4.97% (2007: 5.45%) per annum.

The syndicated term loans and Export Credit Agency Loan are secured against certain assets of a subsidiary of the Company and a corporate guarantee from the Company. All property, plant and equipment and investment in subsidiaries have been pledged as security for the borrowings as disclosed in Note 13 and Note 16 to the financial statements.

The currency exposure profiles of borrowings are as follows:

	<u>2008</u>	<u>Group</u> <u>2007</u>
	RM'000	RM'000
- Ringgit Malaysia	85,228	113,234
- USD	717,908	648,088
	<u>803,136</u>	<u>761,322</u>

21 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>2008</u>	<u>Group</u> <u>Restated</u> <u>2007</u>
	RM'000	RM'000
Deferred tax assets	<u>191,141</u>	<u>191,827</u>
As at 1 January	191,827	2,873
Credited/(charged) to income statement:		
- unabsorbed capital allowance	927	65,909
- unutilised investment allowance	24	(28,209)
- unutilised investment tax allowance	0	194,163
- property, plant and equipment	1,578	(43,690)
- others	(3,215)	781
	<u>(686)</u>	<u>188,954</u>
	<u>191,141</u>	<u>191,827</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)

21 DEFERRED TAXATION (CONTINUED)

	<u>2008</u>	<u>Group</u> <u>Restated</u> <u>2007</u>
	RM'000	RM'000
Deferred tax assets:		
Unabsorbed capital allowance	66,836	65,909
Unutilised investment allowance	2,978	2,954
Unutilised investment tax allowance	194,163	194,163
Others	177	1,276
	<u>264,154</u>	<u>264,302</u>
Before offsetting		
Offsetting	(73,013)	(72,475)
	<u>191,141</u>	<u>191,827</u>
After offsetting		
Deferred tax liabilities:		
Property, plant and equipment	(70,776)	(72,354)
Others	(2,237)	(121)
	<u>(73,013)</u>	<u>(72,475)</u>
Before offsetting		
Offsetting	73,013	72,475
	<u>0</u>	<u>0</u>
After offsetting		

As at 31 December 2008, the Investment Allowances and Investment Tax Allowances available to the Group for which the related deferred tax assets have not been recognised in the financial statements, amounted to:

	<u>2008</u>	<u>Group</u> <u>Restated</u> <u>2007</u>
	RM'000	RM'000
Investment Allowances ("IA")	<u>463,423</u>	<u>489,405</u>

The amount of IA available to the Group is subject to agreement with the tax authorities and the benefits of these allowances will only be obtained if the Group derives future assessable income of an appropriate nature and amount sufficient for these allowances to be utilised whereby the IA available for the individual satellites are only available to be utilised against the future assessable income generated from the respective satellites from which the IA is granted for.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)

22 SHARE CAPITAL

	<u>2008</u>		<u>Company</u> <u>2007</u>	
	'000	RM'000	'000	RM'000
<u>Authorised ordinary shares of RM0.78 each:</u>				
As at 1 January/31 December	<u>402,500</u>	<u>313,950</u>	<u>402,500</u>	<u>313,950</u>

23 MERGER RESERVE

	<u>Group and Company</u>	
	<u>2008</u>	<u>2007</u>
Number of ordinary shares issued on 8 May 2002	<u>187,433,155</u>	<u>187,433,155</u>
	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	<u>(146,198)</u>	<u>(146,198)</u>
Merger reserve	<u>554,802</u>	<u>554,802</u>

In accordance with the merger relief provision in Section 60(4) of the Companies Act, 1965, the share premium arising from the share issuance in financial year 2002 for the acquisition of a subsidiary has been recorded as merger reserve.

24 RETAINED EARNINGS

Under the full dividend imputation system, subject to agreement by tax authorities, the Company has sufficient Section 108 tax credits as at 31 December 2008 to frank approximately RM359,075,000 (2007: RM340,661,000) 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 RM37,992,000 (2007: RM37,992,000).

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from the year of assessment 2008. Under the single tier system, the tax on a company's profit is a final tax and the dividends distributed to its shareholders would be exempted from tax. Unutilised Section 108 balances as at 31 December 2007 will be available until such time the tax credit is fully utilised or upon expiry of the 6 year transitional period on 31 December 2013, whichever is earlier.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)

25 CASH AND CASH EQUIVALENTS

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

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	7,567	15,352	2,023	2,765
Cash and bank balances	121,853	73,332	54	53
	<u>129,420</u>	<u>88,684</u>	<u>2,077</u>	<u>2,818</u>
Deposit in debt service reserve account (Note 20)	(99,154)	(63,618)	0	0
	<u>30,266</u>	<u>25,066</u>	<u>2,077</u>	<u>2,818</u>

The currency exposure profile of deposits, cash and bank balances are as follows:

- Ringgit Malaysia	122,167	83,552	2,077	2,818
- USD	7,253	5,132	0	0
	<u>129,420</u>	<u>88,684</u>	<u>2,077</u>	<u>2,818</u>

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	%	%	%	%
Weighted average interest rate on deposits:				
- Deposits with licensed banks	<u>3.3</u>	<u>3.8</u>	<u>3.2</u>	<u>3.3</u>

Deposits with the licensed banks for the Group and the Company have an average maturity of 10 days (2007: 10 days) and cash and bank balances are available at call.

26 CAPITAL COMMITMENTS

	<u>Group</u>	
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
Authorised capital expenditure for property, plant and equipment not provided for in the financial statements:		
Approved and contracted for	90,400	69,700
Approved but not contracted for	4,400	71,200
	<u>94,800</u>	<u>140,900</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**27 SIGNIFICANT RELATED PARTY DISCLOSURES**

- (i) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances of the Group

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.

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:

	<u>2008</u>	<u>Group</u> <u>2007</u>
	RM'000	RM'000
(a) Transponder lease rental charged to:		
- ASTRO ALL ASIA NETWORKS plc	34,139	34,466
- MEASAT Broadcast Network Systems Sdn. Bhd.	65,055	74,544
- GOAL TV Asia Ltd	0	1,228
- Celestial Movie Channel Ltd	1,354	983
- Maxis Broadband Sdn. Bhd.	18,577	21,377
- Communications and Satellite Services Sdn. Bhd.	795	793
- Telekom Malaysia Berhad	3,439	5,429
	<u> </u>	<u> </u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**27 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

- (i) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances of the Group (continued)

	<u>2008</u>	<u>Group</u>
	RM'000	2007
		RM'000
(b) Rental of land and building charged to:		
- Maxis Mobile Sdn. Bhd.	27	25
- MEASAT Broadcast Network Systems Sdn. Bhd.	2,460	2,207
	<u> </u>	<u> </u>
(c) Management fees charged by:		
- UTSB Management Sdn. Bhd.	1,680	1,680
	<u> </u>	<u> </u>

The financial year end balances arising from the above transactions have been included in Notes 17, 18 and 19 to the financial statements.

- (ii) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity (both executive and non-executive).

The remuneration of directors and other members of key management during the financial year were as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Fees	335	335	245	245
Salaries, wages and bonus	2,766	2,654	0	0
Employees Provident Fund	89	139	0	0
Other benefits/emoluments	504	1,103	75	95
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	3,694	4,231	320	340
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The key management compensation includes the remuneration of the Directors which has also been disclosed in Note 8 to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**28 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 of 4.27% and 4.58% per annum 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 of RM3.40 to USD1.00, which are amortised 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 4.97% (2007: 5.45%) per annum (Note 20). After the interest rate swap, the Group's weighted average interest rate at balance sheet date was 4.72% (2007: 5.12%) per annum.

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>2008</u> RM'000	<u>2007</u> RM'000
Less than 1 year	111,785	76,650
Later than 1 year and not later than 5 years	240,710	229,948
	<u>352,495</u>	<u>306,598</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 except as set out below.

The carrying value of the non-trade payable of the Group with maturity of more than one year at the balance sheet date is as follows:

	<u>2008</u>		<u>2007</u>	
	<u>Carrying amount</u> RM'000	<u>Fair value</u> RM'000	<u>Carrying amount</u> RM'000	<u>Fair value</u> RM'000
Non-trade payables (Note 19)	178,571	107,033	196,680	138,226
Long term borrowings (Note 20)	0	0	671,035	640,317
	<u>178,571</u>	<u>107,033</u>	<u>867,715</u>	<u>778,543</u>

MEASAT GLOBAL BERHAD

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**28 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 of borrowings and its respective net fair value of the financial instruments not recognised on the balance sheet of the Group as at the end of the financial year were as follows:

	Notional principal of borrowings amounts <u>RM'000</u>	Fair value of financial derivatives <u>RM'000</u>
<u>2008</u>		
Interest rate swap	282,893	(14,914)
Cross currency interest rate swap	174,965	4,874
	<u>457,858</u>	<u>(10,040)</u>
<u>2007</u>		
Interest rate swap	191,042	(1,676)
Cross currency interest rate swap	115,556	9,807
	<u>306,598</u>	<u>8,131</u>

(c) Credit risk

Credit risk arises when derivative instruments are used or sales made on deferred credit terms. The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risk by ensuring that sales of services are made to customers with an appropriate credit history.

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.

The Group has no significant concentration of credit risk except that the majority of its deposits are placed with major financial institutions in Malaysia.

MEASAT GLOBAL BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)**29 CONTINGENT LIABILITIES**

- (a) The Malaysian Communications and Multimedia Commission ("MCMC") has notified MEASAT Satellite Systems Sdn. Bhd. ("MSS"), the Company's wholly-owned subsidiary, that it is required to contribute an accumulated amount of RM31,500,000 to the Universal Service Provision Fund for the financial years 2003 to 2006. An estimation of such claims from MCMC, if made for 2007 and 2008, amounts to approximately RM23,200,000.

The Group has taken legal advice on the applicability of this requirement and has, on the basis of the advice received appealed against the decision of the MCMC. In view of the legal advice received, the Directors are of the view that no provision for this is required in the financial statements.

- (b) On 3 September 2008, PT Ayunda Prima Mitra ("PT APM"), a limited liability company, commenced proceedings ("Suit") in the South Jakarta District Court, Indonesia ("Court") against MSS and 12 other defendants.

PT APM is seeking (i) to prohibit MSS from ceasing the provision of transponder capacity on the MEASAT-2 satellite to PT First Media Tbk, an affiliate company of PT APM; (ii) to prohibit MSS from entering into any cooperation with another party relating to subscriber Pay-TV in Indonesia; and (iii) compensation from the defendants on a joint and several liability basis. In view of the legal advice received from the Group's Indonesian counsel, the Directors are of the view that no provision is required in the financial statements.

30 RESTATEMENT OF COMPARATIVES

The financial impact of adopting FRS 112 as described in Note 3(b) and as set out below, incorporates the Group's latest estimate of the availability of future taxable income expected to arise from MEASAT-1, MEASAT-2 and MEASAT-3 to utilise the Investment and Investment Tax Allowances.

	<u>Before restatement</u> RM'000	<u>Effect of change in policy</u> RM'000	<u>Restated</u> RM'000
<u>Balance Sheet as at 1 January 2007</u>			
Retained earnings	676,779	31,163	707,942
Deferred taxation liability/(asset)	28,290	(31,163)	(2,873)
<u>Balance Sheet as at 31 December 2007</u>			
Retained earnings	718,495	197,117	915,612
Deferred taxation liability/(asset)	5,290	(197,117)	(191,827)
<u>Income Statement for the financial year ended 31 December 2007</u>			
Taxation	23,755	165,954	189,709
Net profit for the year	<u>41,716</u>	<u>165,954</u>	<u>207,670</u>

Company No.

2866	T
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MEASAT GLOBAL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)

31 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29 April 2009.

Company No.

2866

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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 47 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2008 and of its results and cash flows of the Group and the Company for the year ended on that date in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 29 April 2009.



DATUK UMAR BIN HAJI ABU
CHAIRMAN

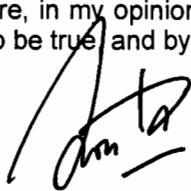


DATUK RAMLI BIN IBRAHIM
DIRECTOR

Kuala Lumpur

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

I, Kon Chien Gie, 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 47 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.



KON CHIEN GIE

Subscribed and solemnly declared by the abovenamed Kon Chien Gie at Kuala Lumpur in Malaysia on 29 April 2009, before me.



No.136-1C, 1st Floor
Jln Tun Sambanthan
Brickfields, 50470 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MEASAT GLOBAL BERHAD
(Incorporated in Malaysia)
(Company No. 2866-T)

**PricewaterhouseCoopers
(AF 1146)
Chartered Accountants**
Level 10, 1 Sentral
Jalan Travers, Kuala Lumpur
Sentral
P O Box 10192
50706 Kuala Lumpur, Malaysia
Telephone +60 3 2173 1188
Facsimile +60 3 2173 1288

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of MEASAT Global Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 47.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MEASAT GLOBAL BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 2866-T)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Emphasis of Matter

In forming our opinion on the financial statements, which is not qualified, we draw attention to the basis of preparation of the financial statements (Note 3(a)) which discloses that as at 31 December 2008, the Group did not meet certain financial covenants stipulated under the terms of its borrowings, attributable mainly to the unrealised foreign exchange translation loss and the delay of MEASAT-3a launch. Notwithstanding, the Directors are of the opinion that it is appropriate to prepare the financial statements of the Group as a going concern basis, having obtained a waiver of the breach of the financial covenants to enable continued drawdown, the appointment of a financial advisor to assist to restructure the terms of the borrowings and considering the fact that the Group is now proceeding with the launch of MEASAT-3a scheduled for June 2009.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965, in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements.
- (c) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965, in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PriceWaterhouseCoopers

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

Kuala Lumpur
29 April 2009

Pauline Ho

PAULINE HO
(No. 2684/11/09 (J))
Chartered Accountant