

MEASAT GLOBAL BERHAD
(Formerly known as Malaysian Tobacco Company Berhad)
(2866-T)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2004

Announcement

The Board of Directors of MEASAT Global Berhad ("MEASAT Global" or "Company") (formerly known as Malaysian Tobacco Company Berhad) hereby announce the following unaudited consolidated results for the first quarter ended 31 March 2004.

Unaudited Condensed Consolidated Income Statements

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER	QUARTER	PERIOD	PERIOD
		ENDED	ENDED	ENDED	ENDED
		31.03.2004	31.03.2003	31.03.2004	31.03.2003
		RM'000	RM'000	RM'000	RM'000
Revenue	8	32,140	31,327	32,140	31,327
Cost of services		<u>(18,825)</u>	<u>(20,178)</u>	<u>(18,825)</u>	<u>(20,178)</u>
Gross profit		13,315	11,149	13,315	11,149
Other operating income		360	1,028	360	1,028
Selling and administrative expenses		<u>(7,759)</u>	<u>(5,248)</u>	<u>(7,759)</u>	<u>(5,248)</u>
Profit from operations	8	5,916	6,929	5,916	6,929
Finance costs		<u>(3,016)</u>	<u>(6,510)</u>	<u>(3,016)</u>	<u>(6,510)</u>
Profit from ordinary activities before taxation		2,900	419	2,900	419
Taxation	17	<u>(1,019)</u>	<u>(136)</u>	<u>(1,019)</u>	<u>(136)</u>
Net profit		<u>1,881</u>	<u>283</u>	<u>1,881</u>	<u>283</u>
Earnings per share (sen):	25				
- Basic		<u>0.48</u>	<u>0.07</u>	<u>0.48</u>	<u>0.07</u>
- Diluted		<u>N/A *</u>	<u>N/A *</u>	<u>N/A *</u>	<u>N/A *</u>

N/A * : Not applicable

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Unaudited Condensed Consolidated Balance Sheet

		AS AT 31.03.2004	AS AT 31.12.2003
	Note	RM'000	RM'000
Non-Current Assets			
Property, Plant and Equipment		636,353	624,743
Long Term Trade Receivable		28,357	30,780
Goodwill on Consolidation		1,186,589	1,186,589
		<u>1,851,299</u>	<u>1,842,112</u>
Current Assets			
Trade and Other Receivables		29,033	23,937
Deposits with Licensed Banks		69,421	58,579
Cash and Bank Balances		9,914	8,539
		<u>108,368</u>	<u>91,055</u>
Current Liabilities			
Trade and Other Payables		17,904	17,904
Taxation		616	616
		<u>18,520</u>	<u>18,520</u>
Net Current Assets		89,848	72,535
Non-Current Liabilities			
Borrowings	21	442,470	418,833
Deferred tax liabilities	17	34,182	33,200
		<u>476,652</u>	<u>452,033</u>
		<u>1,464,495</u>	<u>1,462,614</u>
Capital and Reserves			
Share Capital		304,148	304,148
Reserves			
- General Reserves		15,899	15,899
- Merger Reserve		554,802	554,802
- Retained Earnings		589,646	587,765
		<u>1,464,495</u>	<u>1,462,614</u>
		RM	RM
Net Tangible Assets per Share (NTA)		<u>0.71</u>	<u>0.71</u>

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Unaudited Condensed Consolidated Statement of Changes in Equity

	Issued and fully paid ordinary shares of RM0.78		Non-distributable Merger reserve	Distributable		Total
	Number of shares	Nominal value		General reserves	Retained earnings	
	('000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Period ended 31/03/2004						
Balance as at 1 January 2004	389,933	304,148	554,802	15,899	587,765	1,462,614
-Net profit for the period	-	-	-	-	1,881	1,881
Balance as at 31 March 2004	389,933	304,148	554,802	15,899	589,646	1,464,495
Period ended 31/03/2003						
Balance as at 1 January 2003						
-as previously reported	389,933	304,148	554,802	15,899	619,571	1,494,420
-prior year adjustment	-	-	-	-	(30,000)	(30,000)
-as restated	389,933	304,148	554,802	15,899	589,571	1,464,420
-Net profit for the period	-	-	-	-	283	283
Balance as at 31 March 2003	389,933	304,148	554,802	15,899	589,854	1,464,703

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Unaudited Condensed Consolidated Cash Flow Statement

	CUMULATIVE QUARTER	
	PERIOD ENDED	PERIOD ENDED
	31.03.2004	31.03.2003
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	1,881	283
Adjustments for :		
- Depreciation of property, plant and equipment	14,122	14,215
- Taxation	1,019	136
- Interest income	(354)	(1,022)
- Finance costs	3,016	6,510
	<u>19,684</u>	<u>20,122</u>
(Increase)/decrease in trade and other receivables	(5,086)	115
Decrease in long term trade receivable	2,423	4,133
Decrease in trade and other payables	(294)	(1,914)
Net cash from operations	<u>16,727</u>	<u>22,456</u>
-Interest income received	342	1,080
-Interest expense paid	(4,539)	-
-Payment of profit instalments on Islamic Private Debt Securities ("IPDS")	-	(10,250)
-Taxes paid	(1)	(24)
Net cash flow from operating activities	<u>12,529</u>	<u>13,262</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(23,112)	(28,800)
Net cash flow from investing activities	<u>(23,112)</u>	<u>(28,800)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from drawdown	22,800	-
IPDS related fee	-	(2,375)
Dividends paid	-	(1)
Net cash flow from financing activities	<u>22,800</u>	<u>(2,376)</u>
Net increase/(decrease) in cash and cash equivalents	12,217	(17,914)
Cash and cash equivalents at beginning of the period	67,118	174,344
Cash and cash equivalents at end of the period	<u>79,335</u>	<u>156,430</u>

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2004

PART A – Explanatory Notes in Compliance with MASB Standard 26, Paragraph 16

1. Basis of preparation

The quarterly condensed financial report of MEASAT Global and its subsidiaries (collectively the “Group”) has been prepared in accordance with MASB 26 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements. The quarterly condensed financial report should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2003.

2. Qualification of preceding annual financial statements

There was no qualification to the preceding annual financial statements.

3. Seasonal / cyclical factors

The operations of the Group were not affected by seasonality and cyclical factors during the quarter under review.

4. Unusual items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the quarter under review.

5. Material changes in estimates of amounts reported

There were no changes in estimates of amounts reported in prior financial years that had a material effect in the quarter under review.

6. Movements in debt and equity securities

During the quarter under review, there were no issuances, repurchases, resale and repayments of debt and equity securities.

7. Dividends paid

There were no dividends paid during the financial period ended 31 March 2004.

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PART A – Explanatory Notes in Compliance with MASB Standard 26, Paragraph 16

8. Segment results and reporting

The main business segment of the Group is the satellite network operations of a subsidiary company, Binariang Satellite Systems Sdn Bhd (“BSS”) and investment holding. Segmental reporting for the financial period is as follows:

<u>Business segments</u>	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>QUARTER ENDED 31.3.2004</u>	<u>QUARTER ENDED 31.3.2003</u>	<u>PERIOD ENDED 31.3.2004</u>	<u>PERIOD ENDED 31.3.2003</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Revenue</u>				
Satellite network operations	32,140	31,327	32,140	31,327
Other operations	-	-	-	-
	<u>32,140</u>	<u>31,327</u>	<u>32,140</u>	<u>31,327</u>
<u>Segment Results</u>				
Satellite network operations	5,758	5,890	5,758	5,890
Other operations	(196)	17	(196)	17
Segment total	<u>5,562</u>	<u>5,907</u>	<u>5,562</u>	<u>5,907</u>
Interest income	354	1,022	354	1,022
Inter segment elimination	-	-	-	-
Profit from operations	<u>5,916</u>	<u>6,929</u>	<u>5,916</u>	<u>6,929</u>

9. Valuations of property, plant and equipment

There were no revaluations of property, plant and equipment during the three months ended 31 March 2004. As at 31 March 2004, all property, plant and equipment were stated at cost less accumulated depreciation.

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

There were no material subsequent events as at the date of this quarterly report.

11. Changes in the composition of the Group

There have been no other changes in the composition of the Group during the quarter under review.

12. Contingent liabilities and contingent assets

There have been no changes in the contingent liabilities as disclosed in the audited annual financial statements for the financial year ended 31 December 2003. There were no contingent assets as at the date of this quarterly report.

13. Capital commitments

Capital commitments for property, plant and equipment not provided for in the financial statements as at 31 March 2004 are as follows:

	RM'000
Approved and contracted for	336,560
Approved but not contracted for	39,130
	<u>375,690</u>

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

14. Review of performance of current quarter (“1Q 2004”) against that of the immediate preceding quarter (4Q 2003) and corresponding preceding quarter (“1Q 2003”)

The Group’s revenue decreased slightly from RM32.4 million in 4Q 2003 to RM32.1 million in 1Q 2004. This was primarily due to a reduction in the transponder capacity leased by one customer due to lower transponder requirements. The reduction in revenue occurred despite a strengthening of the Group’s customer base in other areas. This included a new broadcast distribution customer in IndoChina, expanded capacity by three existing customers in Malaysia and Singapore, and renewed agreements with key telecom and broadcast customers in the Philippines and IndoChina. The new contracts signed will not contribute to the Group’s revenue until the 2Q 2004.

Over the same period, the Group’s profit from operations decreased to RM5.9 million in 1Q 2004, compared to RM7.2 million in 4Q 2003. The decrease in profit from operations was primarily due to the decrease in revenue of RM240,000 and an increase in operating expenses of RM1.0 million. The increase in operating expenses primarily relates to customer migration and staff costs.

As a result of the above, the Group’s profit before tax for the same period decreased to RM2.9 million, compared to RM3.9 million in 4Q 2003. The profit before tax includes a reduction in finance costs to RM3.0 million in 1Q 2004, compared to RM3.3 million in 4Q 2003, resulting from the decrease in commitment fee on the existing undrawn loan facility. Profit after tax decreased to RM1.9 million in 1Q 2004, compared to RM2.8 million in 4Q 2003.

Compared to the performance in the corresponding preceding quarter, the Group achieved profit from operations of RM5.9 million in 1Q 2004, compared to RM6.9 million in 1Q 2003. The decrease in profit from operations of RM1.0 million substantially reflects the net effect of increase in operating cost of RM1.1 million and lower interest income of RM670,000, offset by the increase in the Group’s revenue of RM800,000.

The profit before tax improved significantly to RM2.9 million in 1Q 2004, compared to RM419,000 in 1Q 2003. This increase was primarily due to a 54% decrease in finance cost to RM3.0 million in 1Q 2004, compared to RM6.5 million in 1Q 2003, as a result of the refinancing undertaken in 2Q 2003.

Over the same period, the Group’s profit after tax increased to RM1.9 million, compared to RM283,000 in 1Q 2003, primarily as a result of a decrease in the finance cost.

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

15. Prospects relating to financial year 2004

The Board believes that while a strong rebound in the global satellite industry is unlikely in the near future, the prospects for recovery in Asia seem better due to a growing television industry, expanding mobile economy and continued deregulation. Given this environment, the Group's strategy continues to remain focused on building strong neighborhoods in the broadcasting, DTH and VSAT sectors where satellites have significant advantage over other forms of communications technology.

While the Board believes that there will be an improvement in the demand for the Group's products and services in the later half of 2004, the environment will remain challenging. With the MEASAT C-Band utilisation at a high level, the Group's marketing efforts will focus on meeting existing customer requirements prior to the launch of MEASAT-3, marketing the remaining MEASAT Ku-Band capacity, and preparing for the launch of the new satellite. With a robust pipeline of opportunities, the Board believes 2004 will see an improvement in the Group's performance compared to 2003. Barring any unforeseen circumstances, the Board believes that the Group's 2004 results will be satisfactory.

16. Variance to profit forecast

Not applicable.

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

17. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER	QUARTER	PERIOD	PERIOD
	ENDED	ENDED	ENDED	ENDED
	31.3.2004	31.3.2003	31.3.2004	31.3.2003
	RM'000	RM'000	RM'000	RM'000
<u>In respect of current year:</u>				
- income tax	(37)	(36)	(37)	(36)
- deferred taxation	(982)	(100)	(982)	(100)
	(1,019)	(136)	(1,019)	(136)

The current tax of the Group is in relation to a tax charge on rental income and interest income. There is no taxation charge in respect of business income due to the utilisation of unabsorbed capital allowances. The tax savings arising from the utilisation of the unabsorbed capital allowances amounted to RM3.2 million.

The effective tax rate of the Group for the current quarter and financial period to date was slightly higher than the statutory tax rate of 28%, primarily due to certain expenses of a subsidiary which are non deductible for tax purposes.

The deferred tax liabilities is in respect of a subsidiary. The subsidiary has unutilised Investment Allowance (“IA”) estimated at RM688.1 million at the end of the current quarter, accorded by way of tax incentive under Schedule 7B of the Income Tax Act, 1967. Such IA can be utilised against future statutory business income of the subsidiary arising from its existing satellites. As a consequence thereof, the RM34.2 million deferred taxation liabilities provided in the Group, including the current deferred tax charge of RM982,000, will not materialise as the IA will be utilised against future statutory business income. Notwithstanding this, the amount of RM34.2 million has been taken up as deferred tax liability in the financial statements as MASB 25 does not allow the recognition of deferred tax benefits of IA.

18. Profit/ (loss) on sales of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties during the quarter under review.

19. Quoted securities

There were no quoted securities acquired or disposed during the quarter under review.

20. Status of corporate proposal announced

There were no other corporate proposals announced but not completed at the date of issue of this quarterly report.

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

21. Group borrowings

The details of Group borrowings as at 31 March 2004 are as follows:

	AS AT 31.3.2004 RM'000	AS AT 31.12.2003 RM'000
<u>Non current liability</u>		
Syndicated Loan Facilities	<u>442,470</u>	<u>418,833</u>

The Syndicated Loan Facilities represent an equivalent sum of RM463.63 million drawdown from the total available funding of USD250 million, less unamortised costs of RM21.16 million.

The Syndicated Loan Facilities are secured against assets of the subsidiary and a corporate guarantee from the Company.

22. Off balance sheet financial instruments

There were no outstanding off-balance sheet financial instruments as at the date of this quarterly report.

23. Changes in material litigation

There were no material litigation matters dealt with during the period or pending as at the date of this quarterly report.

24. Dividends

No dividends have been recommended or declared for the current quarter ended 31 March 2004.

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

25. Earnings per share

Basic earnings per share of the Group are calculated by dividing the net profit for the current quarter/period by the number of ordinary shares in issue during the current quarter/period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.3.2004	QUARTER ENDED 31.3.2003	PERIOD ENDED 31.3.2004	PERIOD ENDED 31.3.2003
Net profit for the quarter/period (RM'000)	1,881	283	1,881	283
Weighted average number of ordinary shares in issue ('000)	389,933	389,933	389,933	389,933
Basic earnings per share (sen)	<u>0.48</u>	<u>0.07</u>	<u>0.48</u>	<u>0.07</u>

By order of the Board

CHUA SOK MOOI
(MAICSA 0777524)
Company Secretary

26 May 2004
Kuala Lumpur