

**MEASAT GLOBAL BERHAD**  
**(2866-T)**  
**INCORPORATED IN MALAYSIA**

**QUARTERLY REPORT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2004**

**Announcement**

The Board of Directors of MEASAT Global Berhad ("MEASAT Global" or "Company") hereby announce the following unaudited consolidated results for the third quarter ended 30 September 2004.

**Unaudited Condensed Consolidated Income Statements**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER	QUARTER	PERIOD	PERIOD
		ENDED	ENDED	ENDED	ENDED
		30.09.2004	30.09.2003	30.09.2004	30.09.2003
		RM'000	RM'000	RM'000	RM'000
Revenue	8	32,512	31,800	96,490	94,337
Cost of services		(17,700)	(18,658)	(55,258)	(58,171)
Gross profit		14,812	13,142	41,232	36,166
Other operating income		525	489	1,360	2,269
Selling and administrative expenses		(6,928)	(5,180)	(21,391)	(14,585)
Profit from operations	8	8,409	8,451	21,201	23,850
Finance costs		(3,671)	(3,273)	(9,642)	(26,210)
Profit/(loss) from ordinary activities before taxation		4,738	5,178	11,559	(2,360)
Taxation	17	(2,650)	(2,037)	(5,010)	(2,207)
Net profit/(loss)		2,088	3,141	6,549	(4,567)
Earnings per share (sen):	25				
- Basic		0.54	0.81	1.68	(1.17)
- Diluted		N/A *	N/A *	N/A *	N/A *

N/A \* : Not applicable

*The unaudited condensed consolidated income statement should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2003.*

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**QUARTERLY REPORT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2004**

**Unaudited Condensed Consolidated Balance Sheet**

	AS AT 30.09.2004 (Unaudited)	AS AT 31.12.2003 (Audited)
Note	RM'000	RM'000
<b>Non-Current Assets</b>		
Property, Plant and Equipment	777,346	624,743
Long Term Trade Receivable	23,512	30,780
Goodwill on Consolidation	1,186,589	1,186,589
	<u>1,987,447</u>	<u>1,842,112</u>
<b>Current Assets</b>		
Trade and Other Receivables	29,066	23,937
Deposits with Licensed Banks	73,518	58,579
Cash and Bank Balances	15,350	8,539
	<u>117,934</u>	<u>91,055</u>
<b>Current Liabilities</b>		
Trade and Other Payables	16,554	17,904
Taxation	613	616
	<u>17,167</u>	<u>18,520</u>
<b>Net Current Assets</b>	<b>100,767</b>	<b>72,535</b>
<b>Non-Current Liabilities</b>		
Borrowings	21 580,950	418,833
Deferred tax liabilities	17 38,101	33,200
	<u>619,051</u>	<u>452,033</u>
	<u>1,469,163</u>	<u>1,462,614</u>
<b>Capital and Reserves</b>		
Share Capital	304,148	304,148
Reserves		
- General Reserves	15,899	15,899
- Merger Reserve	554,802	554,802
- Retained Earnings	594,314	587,765
	<u>1,469,163</u>	<u>1,462,614</u>
	RM	RM
<b>Net Tangible Assets per Share (NTA)</b>	<u>0.72</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)
<b>Period ended 30/09/2004</b>						
Balance as at 1 January 2004	389,933	304,148	554,802	15,899	587,765	1,462,614
-Net profit for the period	-	-	-	-	6,549	6,549
Balance as at 30 September 2004	389,933	304,148	554,802	15,899	594,314	1,469,163
<b>Period ended 30/09/2003</b>						
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 loss for the period	-	-	-	-	(4,567)	(4,567)
Balance as at 30 September 2003	389,933	304,148	554,802	15,899	585,004	1,459,853

*The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2003.*

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**QUARTERLY REPORT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2004**

**Unaudited Condensed Consolidated Cash Flow Statement**

	<b>CUMULATIVE QUARTER</b>	
	<b>PERIOD ENDED</b>	<b>PERIOD ENDED</b>
	<b>30.09.2004</b>	<b>30.09.2003</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit /(loss) for the period	6,549	(4,567)
<b>Adjustments for :</b>		
- Depreciation of property, plant and equipment	42,376	42,525
- Taxation	5,010	2,207
- Interest income	(1,341)	(2,247)
- Finance costs	9,642	26,210
	<u>62,236</u>	<u>64,128</u>
(Increase)/decrease in trade and other receivables	(5,202)	29,032
Decrease/(increase) in long term trade receivable	7,268	(18,098)
Decrease in trade and other payables	(1,065)	(2,819)
Net cash from operations	<u>63,237</u>	<u>72,243</u>
-Interest income received	1,408	2,433
-Interest expense paid	(17,136)	(3,169)
-Payment of profit instalments on Islamic Private Debt Securities ("IPDS")	-	(15,821)
-Taxes paid	(46)	(111)
Net cash flow from operating activities	<u>47,463</u>	<u>55,575</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(184,287)	(136,500)
Net cash flow from investing activities	<u>(184,287)</u>	<u>(136,500)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from drawdown	158,574	8,432
Debt issue costs relating to refinancing	-	(22,574)
IPDS related fee	-	(2,375)
Unclaimed dividends remitted (in respect of year 2000)	-	(266)
Net cash flow from financing activities	<u>158,574</u>	<u>(16,783)</u>
Net increase/(decrease) in cash and cash equivalents	21,750	(97,708)
Cash and cash equivalents at beginning of the period	67,118	174,344
Cash and cash equivalents at end of the period	<u>88,868</u>	<u>76,636</u>

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**QUARTERLY REPORT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 Securities”) 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 audit qualification to the preceding annual audited financial statements of the Group.

**3. Seasonal / cyclical factors**

The operations of the Group were not affected by 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 30 September 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 30.9.2004</u>	<u>QUARTER ENDED 30.9.2003</u>	<u>PERIOD ENDED 30.9.2004</u>	<u>PERIOD ENDED 30.9.2003</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Revenue</u>				
Satellite network operations	32,512	31,800	96,490	94,337
Other operations	-	-	-	-
	<u>32,512</u>	<u>31,800</u>	<u>96,490</u>	<u>94,337</u>
 <u>Segment Results</u>				
Satellite network operations	8,137	8,381	20,610	22,197
Other operations	(247)	(410)	(750)	(594)
Segment total	<u>7,890</u>	<u>7,971</u>	<u>19,860</u>	<u>21,603</u>
Interest income	519	480	1,341	2,247
Inter segment elimination	-	-	-	-
Profit from operations	<u>8,409</u>	<u>8,451</u>	<u>21,201</u>	<u>23,850</u>

**9. Valuations of property, plant and equipment**

There were no revaluations of property, plant and equipment during the nine months ended 30 September 2004. As at 30 September 2004, all property, plant and equipment were stated at cost less accumulated depreciation.

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

There were no material events subsequent to the end of the quarter.

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

**11. Changes in the composition of the Group**

There have been no 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 30 September 2004 are as follows:

	RM'000
Approved and contracted for	266,380
Approved but not contracted for	11,040
	<u>277,420</u>

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**QUARTERLY REPORT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2004**

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

**14. Review of performance of current quarter (“3Q 2004”) and financial year to date (“YTD 2004”) against immediate preceding quarter (“2Q 2004”), corresponding preceding quarter (“3Q 2003”) and year to date (“YTD 2003”).**

The Group’s revenue for the quarter under review increased to RM32.5 million, from RM31.8 million in 2Q 2004. The change was due to an increase in leased transponder capacity by new and existing customers. During the quarter under review the Group also signed a number of new contracts for which revenue will be recognised commencing in the fourth quarter 2004. These included contracts for capacity for a DTH operator in IndoChina and a leading television broadcaster in the Philippines. During this quarter, the Group also reached agreement with an international broadcaster for the ployout and satellite distribution for two new general entertainment channels from December 2004.

During the quarter under review, the Group’s profit from operations increased to RM8.4 million, from RM6.9 million in 2Q 2004. The increase in profit from operations was due to an increase in revenue of RM700,000 and a net decrease in operating costs of RM800,000. The Group’s profit before taxation increased to RM4.7 million in 3Q 2004, from RM3.9 million in 2Q 2004. This increase was due to the net result of an increase in profit from operations, offset by an increase in finance cost of RM700,000. The Group’s profit after taxation fell to RM2.1 million, from RM2.6 million in 2Q 2004, due to an increased deferred taxation charge.

Compared to the corresponding preceding quarter, the Group’s profit from operations decreased slightly to RM8.4 million in 3Q 2004, from RM8.5 million in 3Q 2003. The decrease was primarily due to a net increase in operating expenses of RM800,000 from MEASAT-3 related activities, off-set by an increase in revenue of RM700,000. The Group’s profit before taxation over the period fell to RM4.7 million in 3Q 2004, compared with RM5.2 million in 3Q 2003, due to increased finance costs. The Group’s profit after taxation also decreased to RM2.1 million in 3Q 2004, from RM3.1 million in 3Q 2003 due, in part, to an increase in deferred tax charge from RM2.0 million in 3Q 2003 compared to RM2.6 million in 3Q 2004.

The Group’s performance year to date showed a significant improvement compared to YTD 2003 with a profit after taxation of RM6.5 million in YTD 2004, compared to a net loss after taxation of RM4.6 million in YTD 2003. The improvement was the result of an increase in revenue of RM2.1 million and decrease in finance costs of RM16.6 million. These have been partially offset by an increase in operating expense of RM3.9 million and a decrease in other income of RM900,000. The Group’s profit after taxation in 3Q 2004 includes an increase in deferred tax charge from RM2.1 million in YTD 2003 compared to RM4.9 million in YTD 2004.

**15. Prospects relating to financial year 2004**

While the transponder market has been subject to a degree of softness over the last 12 months, an increase in the number of contracts closed during the last quarter suggests a potential improvement in market conditions.

Barring any unforeseen circumstances and against this underlying environment, the Board believes that the Group’s performance for 2004 is expected to be satisfactory.

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

**16. Variance to profit forecast**

Not applicable.

**17. Taxation**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER	QUARTER	PERIOD	PERIOD
	ENDED	ENDED	ENDED	ENDED
	30.9.2004	30.9.2003	30.9.2004	30.9.2003
	RM'000	RM'000	RM'000	RM'000
<u>In respect of current year:</u>				
- income tax	(35)	(37)	(108)	(107)
- deferred taxation	(2,615)	(2,000)	(4,902)	(2,100)
	(2,650)	(2,037)	(5,010)	(2,207)

The current income 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 for the cumulative quarter ended 30 September 2004 arising from the utilisation of the unabsorbed capital allowances amounted to RM17.3 million.

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 RM38.1 million deferred taxation liabilities provided in the Group, including the current deferred tax charge of RM4.9 million, will not materialise as the IA will be utilised against future statutory business income. Notwithstanding this, the amount of RM38.1 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 corporate proposals announced but not completed at the date of issue of this quarterly report.

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

**21. Group borrowings**

The details of Group borrowings as at 30 September 2004 are as follows:

	AS AT 30.9.2004 RM'000	AS AT 31.12.2003 RM'000
<u>Non current liability</u>		
Syndicated Loan Facilities	<b>580,950</b>	418,833

The Syndicated Loan Facilities represent an equivalent sum of RM600.4 million drawdown from the total available funding of USD250 million, less unamortised costs of RM19.5 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**

The Group manages its exposure to market rate movements on its financial liability through the use of the derivative financial instruments which includes interest rate and cross currency swap agreements.

The details of the derivative financial instruments that the Group has entered into are as follows:

Off-balance sheet instruments which were entered into by BSS based on the underlying liability of the Group's borrowings which consist of USD250 million Syndicated Loan Facilities:

a) Interest rate swap ("IRS")

IRS agreements with a total notional principal of USD90 million to mitigate the risks of interest rate fluctuations.

b) Cross currency swap ("CCS")

CCS agreements with total notional principal of RM130 million to hedge local currency borrowings to mitigate the foreign currency exchange risks.

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

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

**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 30 September 2004.

**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.

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>QUARTER ENDED 30.9.2004</b>	<b>QUARTER ENDED 30.9.2003</b>	<b>PERIOD ENDED 30.9.2004</b>	<b>PERIOD ENDED 30.9.2003</b>
Net profit for the quarter/period (RM'000)	2,088	3,141	6,549	(4,567)
Weighted average number of ordinary shares in issue ('000)	389,933	389,933	389,933	389,933
Basic earnings per share (sen)	<u>0.54</u>	<u>0.81</u>	<u>1.68</u>	<u>(1.17)</u>

**By order of the Board**

CHUA SOK MOOI  
(MAICSA 0777524)  
Company Secretary

25 November 2004  
Kuala Lumpur